1973 ANNUAL

report

THE MACLEAN-HUNTER LIMITED PUBLICATION FOR ITS SHAREHOLDERS

PLAIN MAN'S GUIDE TO THE M-H SCENE

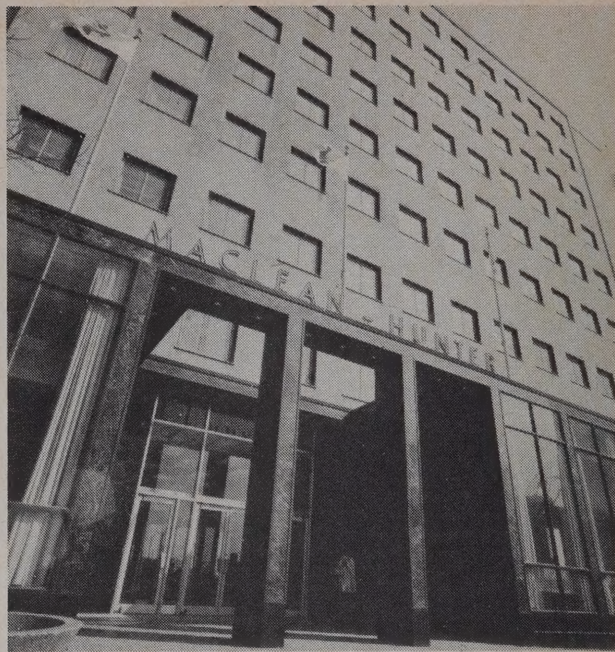
RADIO RESURGENT

TOMORROW'S MAGAZINES

THE INFORMATION MINE

MAESTROS OF THE MERCANTILE MEDIA

Profits, obligations and a public trust...



What we want to be. And accomplish.

TO GROW as a responsible, aggressive, diversified communications company:
- (a) employing the most highly qualified personnel available.
- (b) providing maximum opportunities for employees and shareholders alike.
- (c) contributing to growth of Canada and the betterment of Canadian life.

And in particular:

1. **TO ACHIEVE** a minimum annual sales-volume growth of 10%.
2. **TO ACHIEVE** over the next five years an average annual improvement of 10% in the ratio of after-tax profits to total revenue.
3. **TO KEEP** constantly in mind the fact that a communications company has obligations that may go beyond the considerations guiding business generally; that it bears a public trust; that profit motives, though absolutely essential for growth and editorial independence, must be blended with a sense of responsibility to society.
4. **TO SEE** that every person exposed to Maclean-Hunter materials and services is assured of fair, balanced, responsible information and unquestionable integrity, so that the public not only purchases the company's products and services but also respects them.
5. **TO FOCUS** the company's operations on the concept of "community" whether it be local, national, occupational, demographical, etc., rather than on the concept of mass.
6. **TO ENSURE** that the company innovates and leads in every field in which it operates, developing and injecting new ideas, new interpretations and new knowledge into the "communities" it serves.
7. **TO MAXIMIZE** the use of all the human resources within the company by attracting, developing, deploying and motivating employees so as to achieve the company's objectives and helping them to achieve their own.
8. **TO MAINTAIN** a national periodical press in Canada, recognizing its essential role in preserving the Canadian fact and maintaining an environment that encourages Canadian endeavor and in all areas, i.e. periodical press, broadcast, cable, trade shows, etc., to serve the Canadian public. Also, to invest in suitable ventures outside Canada, thus broadening the base of the company in a wider marketplace; to ensure that subsidiaries and affiliates serve the interests of the countries in which they operate as the company's domestic operations serve those of Canada.
9. **TO ASSUME** a leading role, and also encourage its employees to assume leadership, by participating, as appropriate, in community activities at national, provincial and local levels, always recognizing that the company is not affiliated with any political party.
10. **TO ACHIEVE** recognition by the public as a company in which top-calibre people provide top-quality products and services, guided by impeccable ethics, operating at a standard of competence that makes the company a profitable long-term investment.

Statement of corporate objectives dated January, 1973

MACLEAN-HUNTER

1973 ANNUAL

report

The cover

Roy W. Jenkins (left) and **Antony Whitney,** respectively publisher and editor of Maclean-Hunter Limited's Canadian Machinery and Metalworking magazine, examine a new machine tool in the Metro Toronto headquarters of A. C. Wickman Limited. Photo by **Chris Christiansen.**

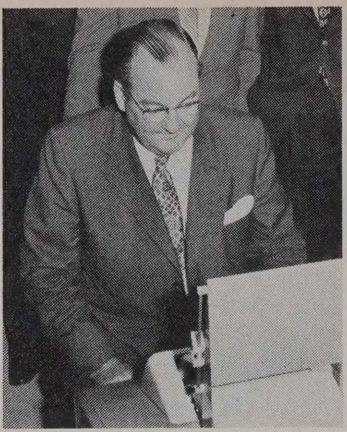
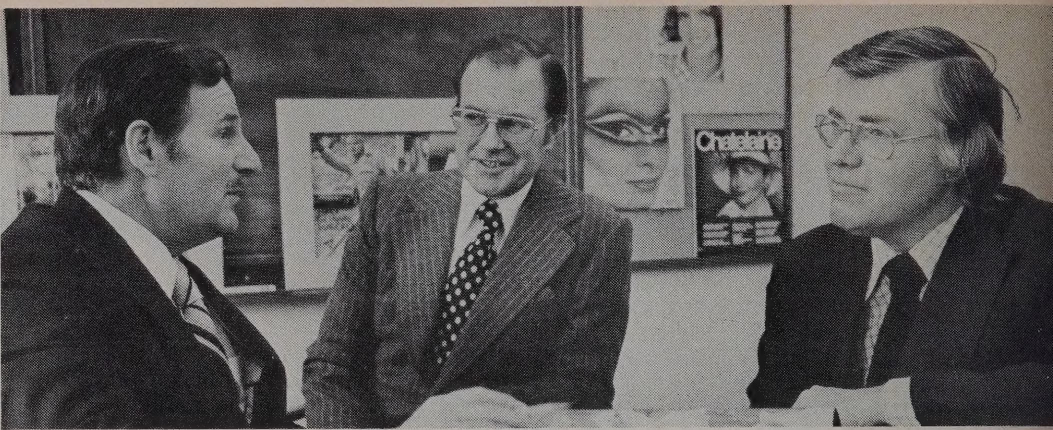
Contributors

Bob Harvey is assistant editor of Canadian Machinery and Metalworking. The pen name **Rupert Lewis** belongs to a senior writer/editor on Maclean-Hunter's staff. **Peter C. Newman,** editor of Maclean's, has almost completed the manuscript of still another book while book stores across Canada display his latest, Home Country. **John Partridge** regularly covers aspects of the communications industry as a staff writer on The Financial Post. **Robert L. Perry,** author of Galt, U.S.A., former managing editor of The Financial Post, is executive assistant to the president of Maclean-Hunter Limited. **Starr Smith** normally writes about matters far removed from books. She edits Hardware Merchandising and Outdoor Power Products. **C. Frank Turner,** author of Across the Medicine Line, manages Editorial Services and Editorial Art Services for Maclean-Hunter's Business Publications Division. **Dan Wilton** of Editorial Services and **Sharon Weinstein,** administrative secretary, contributed research to several articles in this report.

This publication is the annual report for the year ended December 31, 1973, of

Maclean-Hunter Limited
481 University Avenue
Toronto, Ontario, Canada
M5W 1A7

Donald F. Hunter, Chairman of the Board
Donald G. Campbell, President and
Chief Executive Officer

Chairman Donald F. Hunter (at photocomposition unit) / Lloyd M. Hodgkinson, vice-president, Magazine Division, Gordon Kennedy, marketing manager of Maclean's, and Bruce Drane, publisher of Miss Chatelaine

A plain man's guide to the

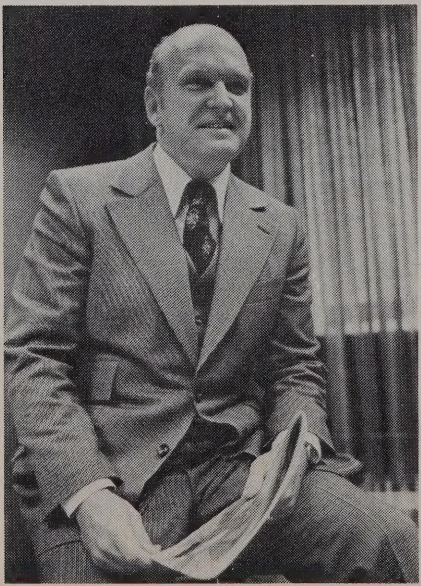
The urgency, excitement, profits and perils of diversification

By Robert L. Perry

The manager gestured emphatically. "This has to be," he said, "one of the most fascinating places in Canada to work."

He firmly counted off the fingers of one hand. "One, Maclean-Hunter isn't too big. So, two, the individuals who perform get recognized, right from the top. In fact, our structure encourages individual initiative and responsibility. But, three, the company is big enough to have the resources to get things done. And, four, to get all kinds of things done.

"We can develop new concepts almost anywhere in communications, and that's practically a universe in itself. If something can pay its way by



President Donald G. Campbell

bringing people together, physically or mentally, to create markets or to share ideas and problems and even plain fun, we're looking at it. Frankly, I find that exciting."

That enthusiastic manager has a sales-oriented job. By title and formal definition he's a specialist, responsible for marketing the creativity of others. His functions could stop right there, but they don't.

To him and a lot of other innovators in the Maclean-Hunter Limited organization, the company's growth policy represents some powerful personal stimulation. It has opened new outlets for imagination and individual ability. Zest is a welcome bonus, all tax-free, from an aggressive investment program.

Maclean-Hunter's expansion program has been sizeable as well as vigorous. In the 10 years, 1964 to 1973, the company's total assets grew from $13 million to $88 million, a straight-line increase of 577% or an average compounded growth rate of 23% over the period.

The overall investment in new and diverse activities has been profitable. In the same 10 years, net income per share increased by a straight-line 237% or an average compounded growth rate of 14%. Net income moved from $1.5 million to just past the $5-million landmark, and dividend payout went from $890,000 to almost $2.1 million.

The name of the game is diversification, and the aim of the game is balance in a volatile environment. Volatile — and largely unpredictable.

Take government, for example. It's hardly conducive to peace of mind to watch the federal government and some provinces bickering over who should be authorized to do what to whom in broadcasting and cable television. Both levels also are jockeying in the area of consumer affairs, which, of course, has a bearing on advertising.

Take advertising itself. Example: advertising-based revenue from the Business Publications Division made the biggest single divisional contribution to Maclean-Hunter's net income in 1973. Quite early in 1974, business-magazine publishers were beginning to report some disappointments in advertising volume.

As Maclean-Hunter's chairman, Donald F. Hunter, and its president, Donald G. Campbell, have pointed out, advertising is a mercurial source of revenue. It can go up and down, Campbell has said, like a yo-yo.

"We can't afford to have a company of this size totally dependent on the advertising dollar," Campbell once told an interviewer. "When times get tough, while people maintain that they *should* spend more in advertising then, in fact it's the easiest thing in the world to cut back on."

Maclean-Hunter wants to decrease its reliance on advertising revenue, but "we're not cutting back on publishing or broadcasting," Campbell has emphasized.

At the end of the first quarter of 1974, Hunter, Campbell and every level of Maclean-Hunter management were reviewing an array of possibilities and variables — and still calling

J. Barry Gage, Frederick T. Metcalf, general manager and president, Maclean-Hunter Cable TV / Ed Nymark, vice-president, Printing Division (at collator in Redi-Set plant — a division of Data Business Forms Limited)

M-H scene

the balance of the year a "time of uncertainty."

"There are serious commodity shortages in many industries, and no one really knows how far their effects will spread," Campbell said. "Inflation is still very much with us, and it won't go away in a hurry. And those inter-government feuds put a lot of people on edge."

The possibilities and variables can be perplexing, to say the least.

Advertising in general, for instance, tends to swing with business conditions. Anticipated capital investment usually has a direct effect on advertising in business-oriented publications.

In its issue of April 6, 1974, The Financial Post reported that "Ottawa's new estimate of 1974 spending on plant and equipment confirms that Canada's economy is square in the middle of one of its biggest investment booms ever."

At the same time, publishers of Maclean-Hunter's business periodicals were talking about "softer" advertising sales. Some industries faced with raw materials shortages, the publishers said, were hesitant to advertise products they couldn't manufacture in sufficient quantity.

"Now, given all that, you've got to put the word 'soft' in perspective," Campbell pointed out. "Advertising-page volume is 'soft' mainly relative to our earlier budgeted forecasts. But, in current terms, the volume looks firmer. Our first-quarter figures show that our advertising-page volume has dipped by less than 1% below 1973's — and 1973 was an excellent year."

The variables may be perplexing, and the times may be uncertain, but Campbell put them in perspective too. "Look at some of the figures in our 10-year summary (on pages 30 and 31)," he said. "At times we faced some pretty rough going in that period, but we came through all the better for it. We diversified further, and we tightened up our cost controls. Basically, in terms of real corporate strength, we're now in better shape than ever to handle uncertainty."

For one thing, the senior management team that built the diversified Maclean-Hunter remains largely intact, although the retirement of veteran executive vice-president J. Lin Craig cost the group 43 years of communications wisdom. Craig, who joined the company as a youth, stepped down at the end of 1973.

"Lin Craig's contributions to Maclean-Hunter during his career are literally innumerable," Campbell said at the time. "His managerial ability, his general business know-how and his knowledge of the publishing industry have been invaluable to the company's growth."

There have been a few shifts of responsibilities.

George W. Gilmour, formerly vice-president of the Business Publications Division, has assumed the vice-presidency responsible for Maclean-Hunter's book-publishing and international operations. Mr. Gilmour has been with the company since 1939.

Robert W. Robertson, who joined Maclean-Hunter in 1942, has stepped up from executive publisher of the Business Publications Division to become the division's vice-president, following in the footsteps of Craig and Gilmour.

The Metro Toronto News Group, full 100% ownership of it acquired by Maclean-Hunter during 1973, now reports to the Maclean-Hunter board through Lorne R. Clark, vice-president, finance, and head of the parent company's Administrative Division.

During 1973, the time-tested management team pressed ahead with its long-range program. As the table on page 6 shows, Maclean-Hunter became substantially less dependent on advertising revenues during the year.

Diversifying the overall investment mix has, over the years, paid off for Maclean-Hunter. However, diversification *per se* is no guaranteed surefire panacea. Diversification isn't an arrow-straight, bump-free, un-potholed road to the pen where the obliging goose lays eggs of gold.

Diversification often means taking five steps ahead and one back, as the "discontinued" list on page 7 illustrates. The process sometimes resembles walking a tight-wire in a high wind. Always there's risk — not only the risk of launching one's own new problems but the risk of buying someone else's.

The diversification move into the Metro Toronto News Group, and thus into wholesale-level distribution of periodicals, during 1972 and 1973 made good sense for three reasons.

Firstly, the Metro Group made a good "fit" into Maclean-Hunter operations. Maclean-Hunter has been directly engaged in the national distribution of periodicals, its own and those of other publishers, for many years.

Secondly, American-published magazines have an enormous "spill-over" circulation in Canada. In 1973, for example, the average per-issue circulation of major U.S. magazines imported into Canada was 5.3 million copies, and 3.4 million of those copies were sold on newsstands.

"The American magazines com-

(continued on page 5)

Two-way growth pattern

Diversity: 18 activities in communications

This list of Maclean-Hunter's activities doesn't include properties of the Business Publications Division, which are shown separately below.
ITS: Industrial and Trade Shows of Canada
FPD: Financial Post Division
MD: Magazine Division
PD: Printing Division

Newsletter
The Canadian Investor Letter (FPD, weekly)

Periodicals
Canada & The World (9/year)
Chatelaine (MD, monthly)
Châtelaine (MD, French, monthly)
The Financial Post (FPD, weekly)
Forecaster (FPD, quarterly)
Impetus (FPD, 10/year)
Investor's Digest of Canada (FPD, 2/month)
Maclean's (MD, monthly)
Le Maclean (MD, French, monthly)
Miss Chatelaine (MD, 7/year)

Directories and annuals
Fraser's Canadian Trade Directory
Fraser's Construction & Building Directory
Directory of Directors (FPD)
Report on Canada (FPD)
Survey of Funds (FPD)
Survey of Industrials (FPD)
Volume I: Manufacturing Companies
Volume II: Sales and Service Companies
Survey of Markets (FPD)
Survey of Mines (FPD)
Survey of Oils (FPD)

Market guides
Canadian Red Book/Annual Reference Edition
Canadian Red Book (monthly)
Survey of Consumer Buying Intentions (FPD, quarterly)

Shows and conferences
Canada Farm Show (50% ITS)
Canadian Computer Show (ITS)
Canadian Construction Show (ITS)
Canadian Education Showplace (ITS)
Canadian Energy Efficiency Conference & Show (ITS)
Canadian Graphic Art Show (ITS)
Canadian Launderers & Dry Cleaners Show (ITS)
Canadian Medical & Surgical Exposition (ITS)
Canadian Plant Engineering & Industrial Equipment Show (ITS)
Canadian Premium/Incentive Show (ITS)
Canadian Retail Grocers Show (ITS)
Materials Handling & Distribution Show (ITS)
National Industrial Production & Machine Tool Show (ITS)
Plastics Show of Canada (ITS)
Powder Coating Show (ITS)
Salon de l'Epicerie (ITS, French)
Bill Reddin on Management (FPD)
Doing Business with Canada (FPD)
Doing Business with the Expanded EEC (FPD)
Flexible Working Hours (FPD)
Institutional Investing in Canada (FPD)
Our Disappearing Resources (FPD)

Book publishing
Maclean-Hunter Limited
Macmillan Company of Canada Limited

Broadcasting
CFCN radio, Calgary (60% M-H)
CFCN TV, Calgary (60% M-H)
CFCO radio, Chatham-Wallaceburg (60% M-H)
CFOR radio, Orillia (50% M-H)
CHYM radio, AM-FM, Kitchener-Waterloo (60% M-H)
CKEY radio, Toronto
Global TV (13% M-H)

Cable television
Maclean-Hunter Cable TV Limited (62% M-H)

Distribution of periodicals and books
Co-operative Book Centre of Canada
Financial Post Books for Businessmen (FPD)
Fine Books Division (MD)
Maclean-Hunter Distributing Company (MD)
Metro Toronto News Company Limited

Direct mail promotion
Commercial Printing Division (PD)
Creative Communications
Direct Mail Services
M-H Mailing Services

Commercial printing
Commercial Printing Division (PD)
Creative Communications

Business forms
Data Business Forms Limited
Pakfold Continuous Forms Division
Redi-Set Business Forms Division

Information services
Canadian Press Clipping Service
Direct Mail Services
Financial Post Computer Services (FPD)
Financial Post Corporation Service (FPD)
Maclean-Hunter Microfilm Services
Maclean-Hunter Research Bureau
SVP Canada (FPD)

Paging, answering services
Maclean-Hunter Communications Ltd. (62% M-H)

Film, videotape productions
Com-Logics Limited
Crawley/M-H Video (50% M-H)
KEG Productions Limited (50% M-H)
M-H Video

Programming
CFCN Communications Limited (60% M-H, TV specials, commercials)
The Radio Works (CKEY, radio commercials)
M-H Video (MD, specialized productions)

Graphic design
Commercial Printing Division (PD)
Creative Communications

Travel services
M-H Travel Projects (MD)

Specialization: the Business Publications Division

Newsletters
Monday Report on Retailers (weekly)
Priorities for Profit (monthly)

Weekly
Marketing
Oilweek

Fortnightly
Canadian Travel Courier
The Medical Post

Monthly
L'Acheteur (French)
AudioScene Canada
Bâtiment (French)
Le Bureau (French)
Building Supply Dealer
Bus & Truck Transport
Canadian Advertising Rates & Data
Canadian Automotive Trade
Canadian Aviation
Canadian Building
Canadian Controls and Instrumentation
Canadian Datasystems
Canadian Electronics Engineering
Canadian Grocer
Canadian Hotel & Restaurant
Canadian Interiors
Canadian Jeweller
Canadian Machinery and Metalworking
Canadian Packaging
Canadian Paint and Finishing
Canadian Photography
Canadian Premiums & Incentives
Canadian Printer & Publisher
Canadian Pulp and Paper Industry
Canadian Research and Development
Canadian Shipping and Marine Engineering
Civic
Design Engineering
Drug Merchandising
Educational Digest
Electrical Contractor and Maintenance Supervisor
L'épicier (French)
Food in Canada
Hardware Merchandising
Heavy Construction News
Home Goods Retailing
Materials Management & Distribution
Men's Wear of Canada
Modern Power & Engineering
Modern Purchasing
Office Equipment & Methods
Outdoor Power Products
Le Pharmacien (French)
Plant Management & Engineering
Le Québec Industriel (French)
Le Quincaillier (French)
Revue-Moteur (French)
Style
Transport Commercial (French)

Six yearly
Sporting Goods Canada

Quarterly
The Audio Retailer
Canadian Driver/Owner

Twice yearly
Educational Literature Directory
Frozen Foods Canada
Sono (French)
Teaching Aids Digest

Annually
Canadian Industry Shows & Exhibitions
Canadian Photo Annual
Canadian Real Estate Annual
Canadian Service Data Book
Canadian Special Truck Equipment Annual
Cosmetics Handbook (French and English)
International Specification Index
Industrial Leasing Handbook
Materials Handling Handbook
The National List of Advertisers
Snowmobile Trade-In Price Guide

Other
Modern Finishing Methods (alternate years)
Databook 70
Medcom Famous Teachings in Medicine

Shows and conferences
Canadian Building Property Seminar
Canadian Home Centre Seminar
Energy Efficiency Conference
Hi-Fi Home Entertainment Show
Men's Wear Canada/L'Homme et la Mode
North American Conference on Powder Coating

pete for readers' time and attention against magazines published in Canada, including Maclean-Hunter's magazines," a long-time observer of the industry pointed out. "You obviously can't keep U.S. publications out of Canada, so why not go for a piece of their single-copy sales action?"

Thirdly, the Metro Group represented substantial non-advertising revenues and this obviously suited Maclean-Hunter's overall mix.

As things turned out, and as the article beginning on page 19 explains, Maclean-Hunter acquired problems as well as revenues. Metro's deficits in 1973 were both "discouraging and unexpected," Donald Campbell said when he announced their effects on Maclean-Hunter's otherwise outstanding performance for the year.

"We've determined the sources of Metro's main problems and we're working on remedies. We think they'll work and we still think wholesale distribution is a business for us to be in," Campbell added in the first quarter of 1974.

The notes (pages 26-28) to the consolidated financial statements point out that Maclean-Hunter has a few other troubled properties, not the least of which its minority stake in Global Communications Limited.

Considering the setbacks and the final overall results, most of Maclean-Hunter's diversified operations obviously took more than a few steps ahead during 1973.

The Business Publications Division, reporting a record year, increased its advertising lineage by 6.3% and its revenue by 15.2%. Its profits and share of market rose by substantially higher percentages.

Maclean-Hunter Cable TV Limited boosted its net income for shareholders to $1.3 million (from $1.1 million in 1972). The cable operation hooked up its 200,000th customer in December, 1973, having added a record of 27,000 net new subscribers to its systems during the year.

"The Financial Post Division. Fraser's. Our Chicago company. The business forms operations. They all showed excellent results in the year," Campbell said. "The Magazine Division made another substantial contribution in 1973."

The broadcasting operations performed extremely well. Radio station CKEY increased its net billings by 10%. CFCN Communications Limited, encompassing TV and radio broadcasting operations in Calgary and radio stations CFCO and CHYM in Ontario, increased its consolidated net income to $1.1 million (from $1 million in 1972). Radio station CHYM alone passed the $1-million revenue mark in 1973.

Kenneth H. Burns, printing plant manager, Al Chalklin, bindery foreman, James de Wet, manager, Commercial Printing Division (with new high-speed binder)

"Design Craft experienced the most profitable year since it became a subsidiary of Maclean-Hunter," reported Robert Gowdy, its general manager.

The Commercial Printing Division brought in revenue in excess of $2 million, and raised its net margin by almost two percentage points over 1972's. During 1973, Maclean-Hunter committed more than $2 million to capital equipment for its Toronto printing plant, about $1.5 million of it for a latest-model web-fed magazine offset press expected to be in operation by the fall of 1974.

"The dollar signs and the percentage signs, with a few exceptions, were up," Campbell commented.

The cold percentage data and the financial statements record the *quantitative* performance of Maclean-Hunter, but they also reflect indirectly the intangible, the *qualitative* aspects.

Donald Campbell told an interviewer a while ago about how he viewed his basic role as president of a communications company: "Wondering how we can produce the best possible products. Have we got the right creative people, have we got the right editorial?"

"If we can look after that end product, I think the rest of it can look after itself," he added.

Because the rest of it has looked after itself, a lot of people, including

(continued on page 6)

"The end product" — books awaiting shipment at Macmillan of Canada

Terry Malden, controller, and Frank A. MacKenzie, manager, Accounting

Guide/continued

customers, advertisers, readers, viewers and listeners, must agree that Maclean-Hunter also has looked after its end product quite well.

• I have been an avid reader of Canada & The World since you started publishing it and have found it so useful to my teaching that I have convinced 31 other teachers and students to subscribe beginning next September. I have found the magazine to be the most relevant periodical relating to Canadian events available today. *From a letter.*

• Your publication is filling a need in the promotion field that has been neglected for many years. Your whole concept is a most refreshing one! It's obvious that your efforts will make our jobs easier and for that we thank you. *From letters to Canadian Premiums & Incentives.*

• Of the printing firms we have dealt with in the past few years, I can think of no company that has supplied forms of such consistently high quality as those provided by Data. We are impressed by your company's excellent service and were delighted, this week, to receive our order a few days ahead of schedule. *From letters to Data Business Forms.*

• Thank you for the copies of Blueprint for Electrical Estimating. My colleagues and I have found it more helpful than the electrical estimating sections of large U.S. manuals, and I look forward to future articles in your magazine on this topic. *From a letter to Electrical Contractor and Maintenance Supervisor.*

• Tonight I came home, found that Maclean's and Saturday Review had both arrived and, for the first time, I think, in my entire life, I picked up the Canadian magazine first and read it right through. *From a letter to Maclean's.*

• Of all the publications which have run items about our different research studies in the past few months almost all the comments we have received have referred to the items you ran in Canadian Building. This is a particularly interesting comment on both your editing and the readership. *From a letter to Canadian Building.*

Although they're not likely to write letters about it, officials of the Ontario government have had to recognize The Financial Post's persistent campaign to uncover organized crime infiltrating Canadian business from the U.S.

The media columnist of the Canadian Churchman recently had this to say in his comments about a sampling of publications:

"Maclean's. It's the brightest and most popular of the lot. In the few years Peter Newman has been editor, it has seemed to me to increase in attractiveness and in national scope. Chatelaine is . . . crammed with information, ideas, opinions, yes recipes. The Financial Post. Well, I found it contained more and better information about two of our major concerns — inflation and the fuel crisis — than the daily papers. Besides, it helps a person like me, long prejudiced against business interests, to see the other side."

Critics, academics and communications professionals also have recognized *formally* the end-product performance of Maclean-Hunter personnel.

Staff writers of The Financial Post, for instance, won two of six prestigious National Business Writing Awards in 1973. Twenty one writers, editors and artists of Maclean-Hunter business publications and The Financial Post were honored by the annual Kenneth R. Wilson Memorial Awards for outstanding business journalism and their associated awards for graphic design.

Two of Maclean-Hunter's French-speaking editors won top awards for excellence in business journalism from Le Cercle de la Presse d'Affaires, Montreal.

The International Association of Printing House Craftsmen bestowed awards for excellence on two Maclean-Hunter printing-business publications: Canadian Printer & Publisher (Toronto) and Inland Printer/American Lithographer (Chicago).

Doris Anderson, editor of Chatelaine, received an honorary doctor of laws degree from the University of Alberta honoring her service to Canada and Canadian women.

For a political article in Maclean's, editor Peter C. Newman won a President's Medal for journalistic excel-

Non-advertising revenue up again

(000s omitted)

	1970 $	%	1971 $	%	1972 $	%	1973 $	%	1974† %
Advertising revenues*	39,846	65	40,744	59	46,128	58	51,511	46	44
Non-advertising revenues*	21,139	35	28,076	41	33,629	42	60,814	54	56
Total	60,985	100	68,820	100	79,757	100	112,325	100	100

*Maclean-Hunter Limited
†Estimated

lence from the University of Western Ontario. Michele Landsberg of Chatelaine had won the same prestigious medal for an article on labor unions and women.

A CFCN-TV public affairs special on capital punishment, produced entirely in Calgary, received an award of merit at Can Pro '74, the first annual competition for Canadian television programs produced by private broadcasters.

CFCN-TV's commercial department won both top and runner-up honors in the 1973 Love Awards for excellence in television-commercial production.

Radio station CHYM, Kitchener-Waterloo, was the only Canadian broadcasting station to win a top international award for radio audience promotion, sponsored by the Broadcasters Promotion Association and Michigan State University. The station's general manager, John Larke, was the first recipient of the regional Civitan Club award for outstanding community service.

In this environment, it's not difficult to see why "individuals who perform get recognized," as the marketing man put it. And it's also not difficult to see why Maclean-Hunter regards its personnel as its single most important productive asset.

Employee compensation consistently makes up the company's largest single annual expenditure. Maclean-Hunter Limited proper, not including subsidiaries, paid out in wages, salaries and commissions a total of about $20 million in 1973, and employee benefits for the year came to about $3.4 million.

"We believe in promotion from within, and the makeup of even our top management team reflects this policy," president Campbell said.

"We've instituted a Management by Objectives program to enable employees to help set their own work goals. We also provide specific, formal in-house training programs to encourage everyone, from secretaries to managers and writers, to improve themselves professionally."

At the end of 1973 Maclean-Hunter Limited itself had more than 2,000 employees on its payroll in Canada. In all, counting the company's Canadian and foreign subsidiaries and affiliates, close to 4,000 employees were associated with Maclean-Hunter.

"We look on every one of these people as a self-expanding asset," Campbell said. "After all, policies and strategies are just words until human minds and hands put them to work. In short, Maclean-Hunter extends 4,000 sincere thank-you's whenever we look back on a year's progress."

Started up in 1973
(by Maclean-Hunter Limited or subsidiaries)

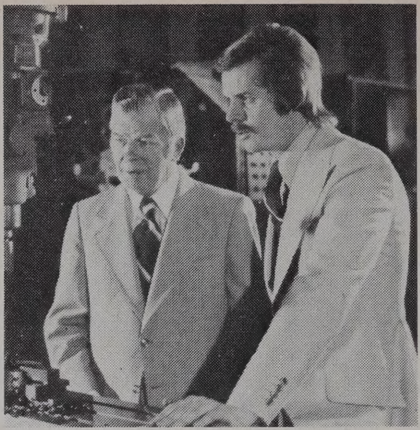
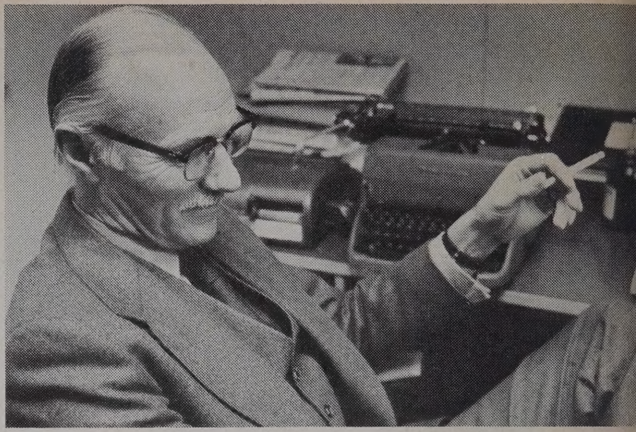
The Audio Retailer (Canadian publication)
Canadian Home Centre Seminar
Canadian Medical & Surgical Exposition
Canadian Photo Annual (Canadian publication)
Canadian Premiums & Incentives (Canadian publication)
Canadian Premium/Incentive Show
Crawley/M-H Video (videotape productions, 50% owned)
Energy Efficiency Conference & Show (Canadian)
Financial Post Books for Businessmen (book sales)
Financial Post Conferences (seminars and conferences)
Forestry Methods (Canadian publication supplement)
Fraser's Construction and Building Directory (Canadian publication)
Frozen Foods Canada (publication)
Improvement Services (business-aids sales)
Industrial Leasing Handbook (Canadian publication)
International Specification Index (Canadian-based, international publication)
Investor's Digest Earnings Forecaster (Canadian publication)
Maintenance Workshop (Canadian seminar)
Media-Daten Österreich (Austrian publication, 50% owned)
M-H Mailing Services (bulk mailing)
Modern Finishing Methods (Canadian publication)
Monday Report on Retailers (Canadian newsletter)
Office Supplies Digest (Canadian publication supplement)
Priorities for Profit (Canadian newsletter)
Property Forum (Canadian seminar)
Quality Service Programs Inc. (Canadian, fund raising and sales, 50% owned)
Radio Monitoring (Canadian information service)
Sono (Canadian publication, French-language)
Sporting Goods Canada (publication)
SVP Canada (information service)
Westbourne-Maclean-Hunter (Proprietary) Limited (South African, 50%-owned affiliate)

Purchased in 1973
(by Maclean-Hunter Limited or subsidiaries)

Com-Logics Limited (Canadian, videocassette operations, 51% interest)
Databook 70 (data-processing guide, Canadian marketing rights)
Educational Digest (Canadian publication)
Educational Literature Directory (Canadian publication)
Global Communications Limited (Canadian, TV broadcasting, 13% interest)
KEG Productions Limited (Canadian, film productions, 50% interest)
Macmillan Company of Canada Limited (Canadian, book publishing)
Medcom Famous Teachings in Medicine (instruction aids, Canadian marketing rights)
Metro Toronto News Company Limited (remaining 40%, to obtain 100% interest)
The Oilman (British publication)
Paul Mulvihill Limited (Canadian, broadcast time sales, 49% interest)
Redi-Set Business Forms (Canadian)

Discontinued in 1973
(by Maclean-Hunter Limited or subsidiaries)

Auto Dati S.p.A. (50%-owned publishing affiliate in Italy)
Book Service Centre (book distributing warehouse, Toronto)
Canadian University & College (publication, merged with Educational Digest)
Fraser's Canadian Shoe and Leather Directory
Fraser's Canadian Textile, Apparel and Variety Goods Directory
Interfile (international business information service)
Maclean-Hunter (Deutschland) G.m.b.H. (50%-owned publishing affiliate in Germany)
Materials Handling & Distribution Show (merged with another M-H show)
School Progress (Canadian publication, merged with Educational Digest)

Harold Martin/Roy Jenkins, Tony Whitney/Maurice Shore

Maestros of the

Emslie Dick of Canadian Automotive Trade foster-fathers a society of car mechanics to promote ethical practices and professionalism.
Robert Henry of Le Québec Industriel pursues rapport by bringing government (perhaps Mr. Trudeau himself) face to face with industry.
Barry Kay of Oilweek helps produce a training videotape showing how to clean up oil spills.
Involvement. Uniqueness. Authority. The catchwords of successful business-press publishing.

By C. Frank Turner

Here are Jenkins and Whitney, two diverse characters who seem to communicate in code, exemplars of a publishing philosophy.

And here's this mammoth inch-thick directory, bound in a magenta and purple cover with white headlines, another prime example of what the Maclean-Hunter brand of business publishing is all about.

"I feel it's a *unique* publication. I've never discovered anything quite like it anywhere in the world," says Tony Whitney, editor of Canadian Machinery and Metalworking, to whom his magazine's annual Catalogue and Buying Directory represents months of painstaking detailed work.

This three-pound-10-ounce storehouse of practical, specialized information — packed with illustrations, listings and tips — provides a one-of-a-kind service for Canada's metalworking industries. This single directory also contains 351½ pages of advertising, worth $325,000 of revenue to the magazine, a fact that emphasizes two basic points. One: a business publication that serves its readers well also attracts advertisers. Two: readers regard knowledgeable advertising, ultraspecific ads homed in on user needs, as an integral part of a business publication's service package. Full cycle.

The first issue of Canadian Machinery came off the press in 1905 (the same year as Maclean's), starting a success cycle of almost 70 years, a cycle that has made one of Maclean-Hunter's oldest business publications one of its most profitable. Canadian Machinery exemplifies a much-sought-after formula, the sometimes elusive co-ordination of editorial content and advertising sales. The concept of dual effectiveness means that advertisers do their own thing their own way, complementing a forceful and reader-oriented editorial product.

"Without good editorial content and good readership, we've got nothing to sell to advertisers," says Canadian Machinery's publisher, Roy W. Jenkins.

Jenkins and Whitney (see cover photo) are two professionals working as a team — but, in a way, two opposites as well.

Jenkins, the veteran salesman and administrator, surrounded by files, pushing or politely persuading and always preoccupied, behind a desk decked with pyramids of paper, his certificates of merit ingloriously askew on the wall.

Whitney, one head taller than his publisher, sartorially polished and as elegant as an actor, often camouflaged in cigar smoke, a precise boulevardier who writes and edits in the incongruous austerity of a box-like office.

There's no evidence of any sustained or energetic verbal communication between these two. They must be tuned to a mental network on some exclusive frequency.

They know their own business, and the business they serve. They get as involved in the intricacies and problems of metalworking as they do in the complexities of publishing.

"Think about this," Jenkins will say. "There must be a total revolution in attitudes in the metalworking field . . ."

"Our productivity is 38% lower than U.S. levels . . ." Whitney will add.

Jenkins and Whitney *think* metalworking. They are, in fact, *part* of metalworking — and that's the way Maclean-Hunter policy wants things to be.

The godfather

Like all Maclean-Hunter business publications, Canadian Machinery and Metalworking is a separate profit centre, a responsible business entity that pays its own way. But Jenkins and Whitney do have a godfather — a confessor, counsellor and proctor to guide them along the path of righteousness.

Maclean-Hunter business publications are divided into seven administrative groups, each reporting to its own group publisher. Canadian Machinery, in Group B, is therefore influenced and enlightened by a "Groupy" named Harold Martin, a long-time career man in business publishing.

Group publisher Martin began his career beating bushes in the sales hinterland. He's the prototype of the quiet man, a volcano that rarely erupts but stores a lot of molten energy under the surface. Martin works in an office devoid of pretention and frills, and he usually speaks in a slow drawl — except when he starts talking about his group's publications.

His voice assumes the pitch of a prophet's as he talks about editorial leadership and competition. "Penetrating editorial research . . . underlying problems in the field . . . co-operation with industrial leaders . . . some of the answers to some of the problems some of the time. In leadership we gain recognition . . . business publications providing a *unique* service." And there's that word unique again.

Direct and total involvement

Maurice Shore has been editor/publisher of Canadian Grocer for nearly 20 years. He and Harold Martin work two floors apart, and they probably wouldn't bump into each other more than a couple of times a year. Yet the first sentence Shore utters to describe his function includes the same word, *unique*.

"The measure of a business paper's long-term success is its *uniqueness,* its ability to provide its special audience with specialized information that's not available anywhere else," he says. "Credibility, of course, must be unquestioned. Our number-one priority is to identify essential information — to know what it is now and what it will be five years from now."

Canadian Grocer is unique in a very traditional way at Maclean-Hunter. It was the first, the original, the pathfinder. John Bayne Maclean, former cub reporter on the Toronto World and assistant commercial editor of the Mail, on his 25th birthday, September 26, 1887, established an office on Toronto's Jordan Street and started publishing The Canadian Grocer.

Maurice Shore joined the company just in time to absorb some first-hand personal impressions of its founder: "Maclean was a little man with a white moustache and a red face. He was forever turning out lights and clipping newspapers and sending the clips to editors."

The burden of Shore's historical and emotional continuity with Grocer doesn't show. Tall and urbane, Shore moves among his readers and advertisers with elegant sophistication. He's at ease in the board room of the biggest grocery chain and behind the counter at a gourmet shop discussing the qualities of imported Strasbourg foie gras.

Beneath Shore's casualness, though, lurks the ghost of an inherited doctrine, and the closer he gets to retirement the more he can sense the ghost. He'll never be able to leave with peace of mind unless his successor has the sensitivity to understand the perpetual place of Grocer in the scheme of things. This implies, of course, direct and total involvement.

A much sought-after oracle

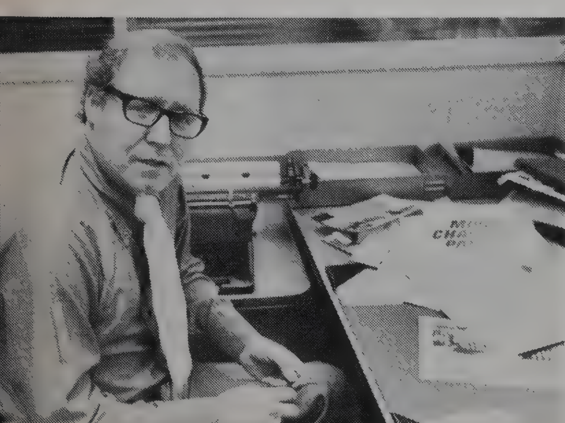
Total involvement? Bob Barratt, editor of Food in Canada, hustles with puffs and grunts from office to meetings, seminars, discussions and television studios, to universities and government. He's a mobile encyclopedia of know-how accumulated during 28 years of involvement with Canada's food and beverage processing industry.

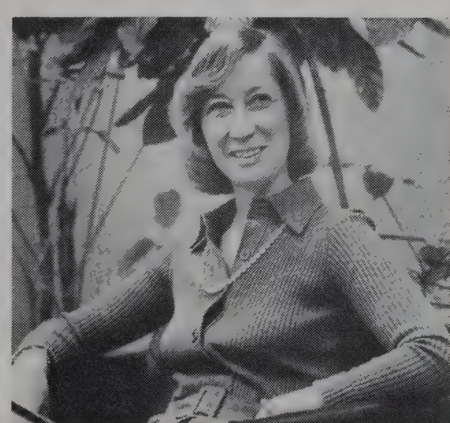
"Uncle Bob" is a do-it-himself editor who pauses infrequently to eat, who only rests when his magazine is also tucked in bed. Most of the time he moves about his field at an incredible, almost inhuman pace. His readers and advertisers are aware of what he knows, and they too want to know.

- Barratt recently addressed the annual meeting of

(continued on page 10)

mercantile media





Emslie Dick/Bert Bauer/Helen Bahen

the Institute of Food Technologists in the U.S. (The 10,000-member IFT is the world's largest single scientific and technical body.) His subject: food and beverage packaging for the institutional market. The invitation, rare for a Canadian, resulted from an article he had written on the topic.

- He chaired a panel discussion at the University of Guelph on vegetable proteins, personally addressing the conference on Regulations on the Utilization of Vegetable Proteins and The Pros and Cons of Nutritional Labelling.
- Barratt also chaired one day of a three-day meeting sponsored by the Health Protection Branch of the federal Department of National Health and Welfare. Subject: food poisoning.
- He participated in a three-day "closed" meeting sponsored by the federal Department of Agriculture, an exclusive gathering of only 35, including senior government research scientists, heads of five Canadian university food faculties and two representatives from major Canadian food-industry associations.
- Barratt participated in the production of a series of three half-hour television shows on nutrition.
- He recently was appointed to the advisory panel of the Canadian Government Specifications Board, an ongoing assignment.

Barratt, like many Maclean-Hunter business publication editors, clearly is a much sought-after oracle.

From red to black

When a business publication doesn't do its job, it slips, and it really slips — as Bert Bauer found out when he returned to Toronto from Maclean-Hunter's affiliate in Germany in late 1972. The company asked Bauer to direct his energies to the rejuvenation of Canadian Packaging, a publication that had skidded into deficits.

Bauer accepted. He cleared out an accumulation of old paper, created his own austere office environment, and set about reading back issues.

Publisher Bauer soon came up with his own remedial strategy. "I was completely new to the industry and its leaders," he recalls now. "I had to establish very quickly a rapport — and this would include my personal promise to these people to provide them with a publication worthy of their industry."

The upswing was in motion, and Bauer built momentum with a three-pronged action plan. He and editor Jim Vernon zeroed in on revitalizing the editorial content. Bauer continually reminded opinion-makers of the packaging industry that "we're in business to advance your cause." He plugged away at reconvincing advertisers that Canadian Packaging should play a major role in their marketing strategy — that "we're your department store, your show window . . . advertising in Packaging is the economical way to sell."

"By improving our product we improved our linage," Bauer says.

When Bauer took over Canadian Packaging in 1972, the publication was running in the red. By the end of that year he reported revenue of more than $246,000 from 383 advertising pages — and a profit. At the end of 1973, the year's revenue stood at $292,067 from 447 advertising pages. And the January issue of 1974 was the biggest January offering in the history of the magazine — 66 pages of revenue. A publication that serves its readers well attracts advertising: the figures speak for themselves.

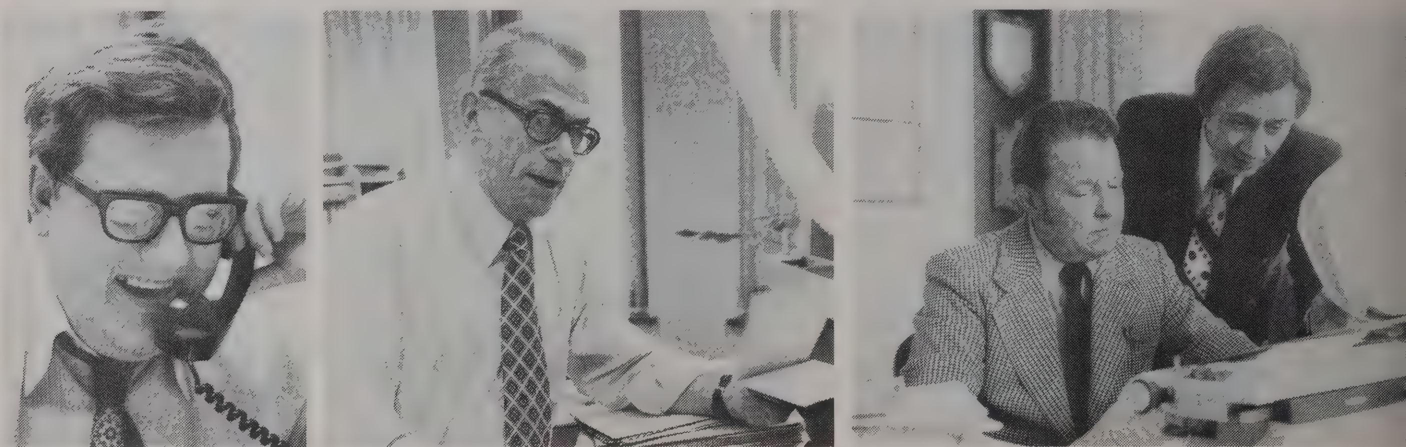
Improving the readers

Helen Bahen, career woman, is a top-flight editor who reveals her dedication in the best of all ways for a journalist — at the typewriter, a machine she rattles with virtuosity. In goes the paper, down go the keys and out come the news paragraphs for another edition of Home Goods Retailing.

Mrs. Bahen has a flair for personal fashion and an equal devotion to the principles of good journalism. She's an out-and-out professional. "When I became editor of HGR in October '72, I knew of the publication's influence and I was overwhelmed by the responsibility," she says. "But I welcomed the challenge. I'd learned the realities of business writing during 11 years with Style, and I certainly drew heavily on that experience. I had only a limited knowledge of the home goods field."

Now, in her second year as editor, Mrs. Bahen says: "I've learned about our readers — retailers. So our stories are evaluated on whether they'll help our audience be better business people. We especially like to look for the story behind the story, such as how one company outmanoeuvred its competitors, created a new product or captured a larger share of the market."

She applies her time-tested technique of reaching readers through real-life human content. "We feel it helps to *involve* our readers . . ."



Barry Kay/Bob Barratt/Robert Henry, Jean Chagnon

Readership and leadership

Robert Henry, editor of influential Le Québec Industriel, can be deceptive. He gives the impression of solitude in motion, a listener rather than a talker, but when he's wound up he ticks. And the right people hear him.

Henry puts large viewpoints in focus by persuading prominent action-people to meet face to face in front of a tape recorder in Maclean-Hunter's Montreal office.

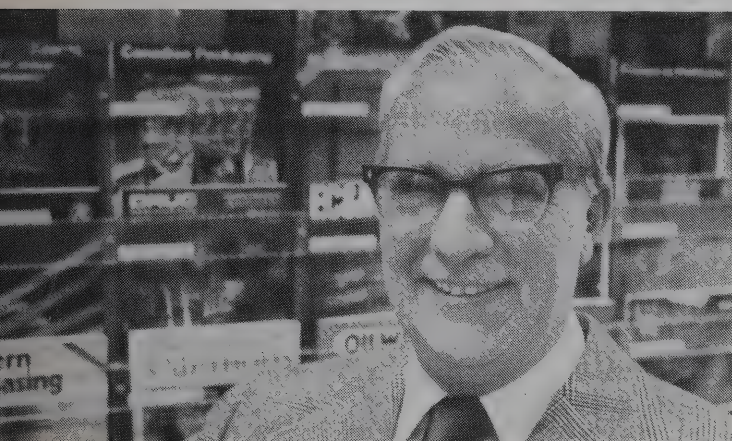
That's how he confronts government with industry — and produces authoritative, unique copy for his magazine. In two successive weeks in December, he sat down two Quebec cabinet ministers with their counterparts in the private sector, and he's extending the program into 1974, when Prime Minister Trudeau is expected to participate.

The exercise is part of the publication's basic policy, the striving for readership through leadership. Says publisher Jean Chagnon: "We want Le Québec Industriel to be the indispensable link between our readers, the public authorities and the advertisers."

The first in video

Barry Kay is a cyclone, a big mass of energy compressed into the confines of the second-floor Toronto headquarters of the national weekly newsletter Monday Report on Retailers, which he now edits. Back when he was in home territory (Calgary) as editor of Oilweek, he looked out upon the big land and came up with a big idea — and Oilweek became the first business publication to get into video.

Kay's involvement with the oil industry confirmed the need for new audio/visual methods to train oilmen to combat oil spills. He joined forces with M-H Video, Maclean-Hunter's "videopublishing" arm managed by Michael Hind-Smith. The M-H Video/Oilweek team was asked by PACE (the Petroleum Association for the Conservation of the Canadian Environment) to design new industrial videotape technology for training. Then an unusual business-government consortium — in which Environment Canada and Transport Canada, two key federal departments concerned with oil spills, joined PACE — commissioned a pilot demonstration.



Robert W. Robertson

M-H Video completed the demonstration videotape in seven weeks by simulating an oil spill and "shooting" a trained crew cleaning it up. The demonstration tape has now been evaluated by industry and government in every province, enquiries have been received from other industrialized countries about rights for international distribution, and the consortium has been enlarged to include the government of Ontario. Oilweek and M-H Video are waiting for the word to produce a continuing series of learning videotapes for the industry.

SAM — the ethics men

Emslie Dick, recently promoted to editor of Building Supply Dealer, is an organizer. He doesn't come on overly strong; he hasn't got a soap box; he doesn't talk much about himself. However, he invalidates first impressions at a mere mention of SAM.

SAM stands for the Society of Automotive Mechanics. Dick first spotted a small SAM in the car jungle, where, as assistant editor of Canadian Automotive Trade, he was tracking down the shysters, the fast-buck artists, the good mechanics and the bad. The jungle was out of bounds to governments, employer associations and unions, but in the midst of it Dick stumbled across a Calgary group of mechanics whose manifesto of ethics protected customers and themselves.

"I felt that if I could bring their basic honesty, integrity and their respect for technical skill to the attention of like-minded mechanics across the country, there might be a basis for a national society," Dick recalls. "My editor, Ed Belitsky, and I decided to throw the weight of the magazine behind SAM. My first story was designed to find out whether mechanics were interested in becoming professionals. When we got nearly 500 responses in the first month, we felt justified in supporting SAM."

On July 28, 1973, as keynote speaker at SAM's charter convention, Dick proudly paraded his theme of leadership and how it could be learned. Since then, SAM has grown to enfold 600 members in six provinces, sponsored courses in leadership, gained support within the trade, worked with government and created its own consumer protection office.

Of growth and diversity

Robert W. Robertson, vice-president of the Business Publications Division, tackles his complex job with an affability and serenity acquired during more than 30 years in business publishing. Formerly executive publisher of the BPD, Bob Robertson stepped up to the vice-presidency at the end of 1973 when his former chief, George Gilmour, moved on to other responsibilities.

Despite the extension of business-publication expertise into other fields, Robertson insists that for a long time publications themselves will continue to be the main product — for the basic reason that no one yet has found a more efficient way to provide business and the professions with all the information they need to make decisions.

"Our main objectives in 1973 were: one, to improve existing publications; two, to develop new ones in growing fields; and, three, to expand activities in other forms of business communications. We achieved them, developing 12 new profit centres," Robertson says.

Sporting Goods Canada, a bi-monthly, was launched in September. In November, Canadian Premiums & Incentives made its first monthly appearance. And there were others: Canadian Photo Annual, a consumer-oriented publication; Frozen Foods Canada, a semi-annual supplement to Canadian Hotel & Restaurant; Forestry Methods, a monthly supplement to Canadian Pulp and Paper Industry; Office Supplies Digest, an experimental enquiry supplement to Office Equipment & Methods; Sono (Sonorisation au Canada), a French-language counterpart of Audio-Scene Canada; and Monday Report on Retailers.

A major acquisition was the monthly Educational Digest, the company's first product tabloid. In the continuing quest for new revenue sources, the BPD signed on as Canadian sales agent for two U.S. communications services: Medcom Famous Teachings in Medicine and Databook 70. The first Canadian Home Centre Seminar, which Building Supply Dealer initiated and staged in 1973, was such a success that it's being repeated in 1974.

Bob Robertson picks up one of his magazines. "The end results we're striving for are outstanding service to readers and advertisers, opportunities for staff to use their imaginations and creativity, and a satisfactory performance for shareholders," he says.

John Bayne Maclean himself wouldn't have phrased it any differently.

◀ **John Larke of CHYM: "Change has to be evolutionary, not revolutionary."**

Radio has adapted to a supposedly video-oriented society through precise formulas that produce those . . .

Sweet sounds of the seventies

By John Partridge

"If Xaviera knew the kinds of things I said about her behind her back, she'd never send me a card at all — especially not a sexy one."

Reg Gale the morning man is putting his listeners on again. Gale, the 9 a.m. to 1 p.m. deejay on CHYM AM (1490 on the dial), the top AM station in Kitchener-Waterloo, usually spices his lineup of middle-of-the-road contemporary music with lost dogs and cat tales and women's features plus a few gently risqué items. His spice is always mild, never offensive — black pepper rather than cayenne.

Tune in later in the day, when Brian Gillis and Chris Ford take their shifts behind the mike, and you'll find the comment gets a little more satirical and fun-poking, maybe a little more youth-oriented. And the double-entendre may be honed to a finer edge.

But the music stays in the middle of the road. "MOR" the insiders call it. There's no rock-jock screaming "get it on, baby." And there's never any question that you're tuned to CHYM AM, the "easy-listening station."

Not surprisingly, that doesn't happen by remote coincidence. The sweet sounds of the seventies happen to be the most highly processed, plotted and measured sounds ever broadcast.

It's formula programming, designed to attract specific pre-selected audiences. It has enabled local radio to cock a snook at mass-rated television and thrive in a supposedly video-oriented world.

While for some listeners the formulas adopted and religiously followed by many private AM and FM broadcasters may generate a sweetness more akin to saccharin than pure cane sugar, it's the kind of sweetness that sells in the marketplace.

CHYM and almost all of Maclean-Hunter's other radio broadcasting interests performed extremely well financially in 1973.

But as CHYM's cigar-chewing general manager, John E. Larke, points out, those radio formulas are highly sensitive. Change the ingredients a smidgin more than subtly and you may see your audience disappear faster than a puff of cigar smoke in a gale.

"Stability garners audience," Larke says. "But, on the other hand, radio, like society, has to be in constant flux. Change has to be evolutionary, not revolutionary."

Douglas C. Trowell puts it even more succinctly: "Every time you change, you lose."

Not that Doug Trowell is a reactionary. As chief executive of CKEY (590 AM), Toronto's number two MOR station, and a long-time veteran of the radio business, Trowell has seen and initiated a lot of change. He has seen success turn to ashes.

His experience has convinced him of one thing: "You've got to be sure you're absolutely right if you're going to change even slightly. And you must be prepared, because you can be sure of losing a fair bit of audience before you start attracting the new group your change is designed to bring in."

It was only with great difficulty that I was able to turn the radio off to get some very necessary shopping done. I even tried to time it so that I could run down and start the car and pick up the programming on the car radio. I even had all three radios in the apartment going all day.

From a letter to CKEY, 1973.

In Trowell's book — and those of an ever increasing number of radio broadcasters — the key to being right these days lies in specialization and research.

CKEY started to find that out in the 1960s, Trowell says, when fumbling, subjective and poorly planned change toppled it from a pinnacle as a successful rock-music station. At the bottom of the fall lay a major identity crisis, and CKEY lost its under-22 youth audience to a competing rock station.

So, CKEY launched a major research program to find a new audience and the means to please it — and to prove the point to advertisers. This was under way when Maclean-Hunter bought the station.

The first meeting between the new owners and CKEY staff hardly seemed auspicious at the time, recalls Trowell, who strongly resembles a home-grown Henry Fonda.

"The day they came to see us — I think it was in November, 1965 — there was a massive power blackout. All the lights went out," Trowell says.

But as things transpired, it wasn't a bad omen. When the lights came on again, they came on figuratively as well as literally with Maclean-Hunter's go-ahead to continue the study and see what could be done. The CKEY research eventually picked out five major points.

- Define your target audience specifically. CKEY saw the most potential in the mainstream adult audience, age 25-49.
- Establish your music pattern and a quality control system. CKEY went to computerized programming based on music sound and tempo and sex of artist, market-testing selections for individual listener response. Quality control, Trowell says, came from

strict on-air discipline and the computer. "The computer did as it was told, with no prejudice and no arguments," he says.

- Establish your treatment of news, weather and sports. CKEY found it had to change its news-emphasis ratio from 50-50 local vis a vis non-local to 60-40, and bring in personality newscasters. Listeners also wanted better weather reporting, which led to three-day forecasting.
- Once you've established the basic and constant music carrier, add personalities and features. CKEY aired extra attractions such as Pierre Berton and Charles Templeton, Joe Morgan, Jim Hunt, Fred Dobbs, and the Consumer Desk with Lynne Gordon.
- Be prepared to wait for results. Trowell says the radio audience growth pattern tends to be slow, not dynamic.

"It has taken us five years or so to climb to the number two position in our chosen market," he comments. "And that's about the way we figured it, because the older the audience, it seems, the greater the inertia and the slower the growth. People don't like change."

On Sunday afternoon our 10-year-old son asked how much longer the "old" music would be on. We told him just until that evening. We were delighted with his reply, "Oh nuts . . . I really like it. Do you think they will do it again?"
From a letter to CKEY, 1973.

(That has been the experience of CFCN radio in Calgary, as well. CFCN Communications Limited's president, Ted Chapman, says that fairly substantial music programming changes from an "MOR/country and western" format to "MOR/contemporary" made more than two years ago have really begun to bear fruit only within the last five or six months.)

Back through the airwaves in Kitchener, however, CHYM FM's progress seems almost to belie the slow-growth theory. Larke says its listening audience increased by about 300% over the last year. Although this resulted partly from raising the FM station's antenna and boosting its power to 50,000 watts, the audience growth was also a response to a format change made two years ago.

The heart of CHYM's new "contemporary country and western" stereo FM operation, now as carefully researched and measured as any AM station's content, is Charlie. And Charlie has certainly developed since his first incarnation 25 years ago, says Larke, emitting another jet of cigar smoke toward the ceiling.

"Charlie used to consist of two record changers, a reel-to-reel tape machine, and one very old man."

He's now a fully automated, computerized, self-contained (except for the transmitter) FM station, with, as the saying goes, his works in a drawer. CHYM FM consists of nine cartridge-filled carousels, plus reel to reel modules, plus electronic memory, all stored in a cabinet that measures a svelte eight by two by 12 feet or thereabouts. The cabinet bears the plaintive inscription: "Honestly now — have you read the instructions?"

And, the way Larke sees it, the technology suits the medium. "FM has been a sleeping giant for the last 10 years, but it's the medium of the future, and is just beginning to awaken." (It's already sufficiently bright-eyed to have helped boost CHYM's combined advertising revenues for 1973 over the $1 million mark for the first time.)

Just what happens to FM in the future, however, depends on the CRTC. Proposed guidelines issued by the commission last year have yet to result in permanent regulations, leaving broadcasters in the unenviable position of knowing little more than this:

CRTC wants FM stations to "develop a diversity of programming aimed to attract audiences on a selective basis as an alternative to AM radio which provides a more general service."

That generalization on selectivity could well mean less broadcasting of unrelieved background music; more separately scheduled, in-depth, interpretative news reporting; more community access; no simulcasting of AM programs on the FM band; and less advertising than the 1,500 minutes a week allowed on AM.

But, as Doug Trowell sees it, the CRTC policy may not be as restrictive as it sounds. Realizing that, musically, there are few commercially viable alternatives left to explore in the Toronto market, CKEY has applied to the CRTC for the okay to operate an all-news FM station. (Two other Maclean-Hunter radio interests, CFCN in Calgary and CFCO, Chatham-Wallaceburg, also have applied for FM licences.)

Says Trowell: "With an FM antenna on the CN Tower, we would probably have about 3.5 million people within the listening area. But it's unlikely that more than 5% (175,000) would listen regularly.

"That would leave us with a real challenge. We would have to come up with documentation to prove to advertisers not only that the specialized, quality nature of an audience makes up for its smallness, but also that less frequent and altogether fewer commercials are effective."

But there would be another challenge too: how to keep the costs of such an all-news operation down. Trowell doesn't doubt that the answer will be a brother, or at least a cousin, of CHYM's Charlie — an automated system with all news stories taped on separate cartridges.

"These could be updated and repositioned for ongoing editions," Trowell says, "and it would mean non-stop continuous news at the touch of a button."

Maclean-Hunter broadcasters see even more interesting middle-future prospects for FM if the regulatory weather clears up.

Larke talks about FM stations in even the smallest towns — the capital outlay being a fraction of that for an AM station. FM signals generally go no farther than the horizon, making it possible to have many FM stations almost cheek by jowl.

I spent the entire weekend wandering euphorically with you and your music, touching on people, places, and events that have eluded my thoughts for years. Thank you all for the irreplaceable vehicle of radio, for which there can never be a rival.
From a letter to CKEY, 1973.

And Trowell envisions multicasting, with five or six or more stations serving specialized, thinly sliced audiences, based on economics of scale and the assumption that the major "mother" station has laid a golden egg.

"It would be like running many different, specialized magazines on the same press," Trowell says.

As with publishing, radio's future seems to lie in specialization. And both Trowell and Larke recognize a strange, back-handed debt to television — the medium that once was supposed to debilitate both publishing and radio.

In a real sense, they believe TV was the best thing that ever happened to radio. Trowell sums it up: "It made us fight like hell, re-examine ourselves and make the medium relevant."

For all the computerization and automation, radio has survived and thrived because people enjoy the medium and what they hear on it. The listener, like the reader and the viewer, makes the final choice.

Hugh Kane, Ed Trefiak, George Gilmour

You can mix innovation and

The attitudes and long-range strategies at Macmillan of Canada

By Starr Smith

Book publishing. The words conjure up immediate images. Austere stone buildings. Stacks of titles. The aroma of tradition.

Last March, Maclean-Hunter purchased The Macmillan Company of Canada Limited, a fine old British-offshoot publishing house with all the qualities of which legends are made. At 70 Bond Street, Toronto, stands the sturdy stone building, pierced by narrow halls and dignified staircases. You inhale the pervasive fragrance of aging paper, and you wonder.

How can you come to grips with a \$3.2-million investment in a company that prides itself on publishing great Canadian books — yet is part of an industry renowned for its low rates of financial return?

"Macmillan's profits right now are really miniscule by ordinary business standards," George Gilmour, Macmillan's president, says. "In 1973 we came in with a profit of about 2% after taxes. Anyone can go out and get 8% or 9% on money today. It's no trick to get much higher rates on mortgages. So, if you were motivated purely by a Scrooge philosophy, you wouldn't go into this business.

"However," Gilmour adds, "there are important long term benefits to Maclean-Hunter in being in the book publishing business, and Macmillan was by far the best opportunity that presented itself. It allows us to diversify our source of revenue by participating in an industry that should grow and prosper in Canada. The ceilings that have been placed on textbook purchasing, particularly in Ontario, over the last two years have adversely affected Macmillan's earnings. But the need for good textbooks and learning materials in Canadian classrooms is growing and will continue to grow. In purchasing Macmillan we obtained a

position in the market — and one that's considerably enhanced by the company's fine reputation."

That reputation, according to veteran bookman Hugh Kane, vice-chairman of Macmillan's board, "goes right back to when the firm was founded in 1905."

"We've been one of the leading publishers of trade books — fiction, nonfiction and poetry," Kane says. "And we've also built perhaps an even greater reputation as a publisher of primary and secondary school books and, more recently, of books for the university market. The new management has repeatedly stated that one of the major assets Maclean-Hunter bought was Macmillan's reputation and that it has no intention of seriously changing the publishing program that Macmillan has always pursued."

Gilmour agrees. "Maclean-Hunter purchased Macmillan because it has a fine reputation — not only in terms of the quality of its publishing and its respect among authors but also in terms of its relationship with government. We would be foolish not to try to enhance that reputation."

As to the future, Gilmour points out, you can add new dimensions to book publishing. For instance, the resources of Maclean-Hunter Learning Materials Company have been wedded to those of Macmillan's Educational

tradition

Division. The marriage should offer a unique package, according to Ed Trefiak, Macmillan's vice-president and general manager.

"Macmillan has a lot of good textbooks. The Learning Materials operation has a lot of good resource materials. They represent different approaches," Trefiak says. "If someone wants a textbook, we've got it. If someone wants a resource approach to learning, we've got that too."

Macmillan's inventory control, accounts receivable and accounts payable will soon be handled by computer. "Computerization will bring the usual aches and pains, but it will ultimately make the company more efficient," Gilmour says. The program should be up and running by May 1 this year.

Hugh Kane feels confident that other new concepts also will merge successfully with the established order of things at Macmillan.

"Maclean-Hunter has stated that there's room for exciting new challenges that Macmillan has never explored in the past," Kane says. "Publishing in collaboration with departments of government, federal and provincial. Publishing in collaboration with industry. That sort of thing is being actively explored by Don Ladkin, who used to be with Learning Materials Company. I'm very optimistic that he'll come up with some very interesting and profitable projects."

A "new-project development division" has been organized at Macmillan to tackle such projects. Gilmour emphasizes that, while this division will hopefully be extremely innovative, it will adhere to Macmillan's basic ground rules for good publishing.

For a starter, the new division will manage Macmillan's role in co-publishing the new official Atlas of Canada. "I've just learned we've obtained that contract," Gilmour says. "It's a major publishing project and it has always been totally a federal government publication. The government will provide all the updated editorial material, and Macmillan will assemble it into a fine working atlas. We'll market it in Canada and throughout the world through our Trade, Educational and University Divisions."

The major purpose of the new-project division, according to Gilmour, is to produce new sources of profitable revenue "which can assist us to pursue more vigorously Macmillan's normal objectives in trade, educational and university publishing."

Co-operation between Macmillan and various Maclean-Hunter divisions presents further opportunities for growth.

For instance, in 1973, Maclean-Hunter's videopublishing arm, M-H Video, pulled together an unusual deal involving two of the company's other interests. M-H Video arranged for the sale of world film rights of the Macmillan book Wilderness Man to KEG Productions Limited, a celebrated nature-film production company 50% owned by Maclean-Hunter. KEG plans to start shooting a feature film based on Wilderness Man, the life of naturalist Grey Owl, during 1974.

However, the operative word is "co-operation." The ties between Macmillan and other Maclean-Hunter interests are based on sensible business-like co-operation and nothing more. "The link with Maclean-Hunter offers great additional opportunities for authors published by Macmillan," Gilmour says, "but we're not limited to Maclean-Hunter facilities. Our responsibility is to get the best possible deal for Canadian authors and for Macmillan."

"The first privilege of subsidiary use might quite logically fall to Maclean-Hunter operations like Maclean's or Chatelaine or M-H Video," Gilmour says. "But there's no contract of any kind between these parties to say it must be that way. So, we're maintaining our good relations with other media too — the networks, the weekend supplements, the book publishers, daily newspapers and magazines."

Maclean-Hunter's Fine Books Division, which retails books nationally by mail order, obtains no special privilege from Macmillan. Macmillan offers Fine Books the same trade discounts extended to all retailers. It's a good marketplace relationship—within the family.

"Book retailers are often critical of publishers selling by mail. I feel this is unwarranted," says Gilmour. "People in the cities get a distorted impression that book stores are everywhere. All across Canada there are places with no book stores. The dilemma of the publisher is that we should be selling books in these areas and the only sensible way to do it is by mail. Yet, we don't want to upset the bookstore retailers."

Gilmour argues that mail selling indirectly influences Canadians to buy books in bookstores. The average response to a mail promotion runs at about 2½% and he finds it inconceivable that the other 97½% exposed to direct mail book catalogues aren't somehow prompted to buy books — from bookstores.

On the subject of foreign ownership he believes it's imperative, in maintaining a Canadian identity, "that Canadian-owned book publishers not only exist but prosper. Having our book publishing industry controlled by foreign interests would be the same as having all our newspapers, magazines, radio and television stations owned by non-Canadians. This has already been established as unacceptable to the Canadian people."

"I really feel," Gilmour says, "that a book publishing company controlled from abroad will work, for the most part, to sell the authors of its home country. As long as there's Canadian-owned competition in the market and as long as government takes a strong supportive stance on Canadian publishing, a foreign-owned company will have to stay 'on side' and publish some Canadian authors. If, however, every important publisher here were foreign controlled, I'm convinced Canadian authors would find much greater difficulty in getting published and the Canadian public would be even more overwhelmed with foreign points of view.

"Personally, I feel Canada would be much better off if all book publishing in our country were 100% Canadian-owned," Gilmour says emphatically.

At level seven in the data mine

Deeper still into the direct marketing of information

By Bob Harvey

A perspicacious crematorium wants to know about any wild goings-on in Canadian cemeteries. Armed with information on shenanigans among the headstones, the crematorium can argue that cemeteries aren't always quiet, dignified places for the deceased —and wouldn't cremation be better?

In the same vein, sex boutiques stockpile clippings of "immoral" activity. If raided by the vice squad, the sex-goods merchants can make a case about standard moral practices as reported by local papers.

Those clients of Canadian Press Clipping Service don't want new information. They want existing information in recycled, processed, concentrated form.

And they clearly illustrate why over the last year Maclean-Hunter has become more deeply involved in the *direct* sale of information, preparing for another giant step in communications.

"Look at this company as a vast mine of information, every scrap of it worth money," an executive says. "We're selling some of it through our publications, of course. There's a big market for secondary use of that published information, and for the information lode we have access to."

Through seven separate services Maclean-Hunter is now marketing information directly by phone, mail and computer tape. Long-range thinkers already are talking about another logical step: one gigantic, computerized Maclean-Hunter data bank feeding information to subscribers.

The company made its latest move in information marketing during 1973, when the Financial Post Division established SVP Canada.

Primarily, SVP supplies information on demand. A subscriber to the service who calls with a question, *almost* any question, usually gets an answer within minutes. The tougher ones may take a few hours.

SVP's research staff of seven (three master's degrees and one doctorate) can pick the brains of Maclean-Hunter's resident experts. The researchers have access to their own extensive library, The Financial Post's "morgue" of clipping files including a collection of 10,000 dossiers on important Canadians and instant Telex communication with a network of affiliate SVP centres in Britain, Germany, France, the U.S., Switzerland, Italy, Japan and the Benelux countries.

Subscribers pay an average of $120 per month for the SVP Canada service, although charges vary with the number and complexity of their questions. For a fee, SVP also will undertake custom research projects for subscribers.

"The chief value of our service is not that we come up with *vital* information but that we can improve the quality of discussion on important issues. For example, if an oil drilling company wants to expand its operations today, the internal economics aren't the most important issue," says SVP Canada's manager, Jake McLaughlin. "Drillers who know all about oil now must also be familiar with political, ecological and environmental issues. SVP is in business to supply this information — and anything else our subscribers want."

Maclean-Hunter's Direct Mail Services provides two very different kinds of information.

It leases out highly specialized,

◀ **Roberta Merilees, Jake McLaughlin and Pauline Wingfield of SVP Canada/Mary Chant of M-H Microfilm Services, topped by stacks of books that have been reduced to the small box of microfiche cards in front of her/Robert Scott of Maclean-Hunter Research Bureau**

continually revised mailing lists of potential customers to businesses doing direct mail promotions. "Just about every company is involved with direct mail lists," remarks Nigel Golding, sales manager of DMS. "About 40% of them probably have their own advertising and promotion lists, while about 60% rely on outside mailing lists like ours."

In addition DMS supplies a common form of second-use information from published editorial matter. DMS fills bulk orders for reprints of articles that have appeared in Maclean-Hunter's business publications.

J. Robert Johnson is general manager of DMS and two other direct information suppliers: Canadian Press Clipping Service and M-H Microfilm Services.

"The press clipping service is used mainly by companies interested in keeping contact with what's going on in their fields or what other people are saying about them. We read just about every publication produced in Canada and cut out all comment and information pertaining to any particular subject," says Art Kayser, sales manager of both CPCS and M-HMS.

A staff of 55 is involved in gathering and processing the clipped information. In any one year the staff reads through and clips about $40,000 worth of publications.

During 1973 Bob Johnson's team worked the wrinkles out of a new radio monitoring service. "It's a 'press clipping' service of the air," Kayser explains.

The facility monitors on audio tape the news and commentary programs of the four biggest Toronto radio stations, and then produces written abstracts of pertinent material for subscribers.

M-H Microfilm Services stores information by camera and markets it on film. It already has the back files of 14 Maclean-Hunter publications stored on 35-mm roll microfilm or microfiche, or both.

M-HMS also supplies "vertically" filed, microfilmed information to subscribers such as school and public libraries. These vertical files cover current topics (e.g., the arts in Canada, Canada-U.S. relations, women's lib, birth control, abortion and pollution), and they're updated monthly with fresh microfiche cards.

M-H Microfilm Services also is developing custom, non-traditional microfilm services for business.

Two of the company's other direct information services also are affiliated with The Financial Post: FP Computer Services and FP Corporation Service.

A subscription service designed primarily for the investor, FP Corporation Service provides performance data on about 1,000 Canadian companies. Established in 1928, Corporation Service records detail not easily available from any other source.

Its medium: printed booklets, brought up to date daily through information supplements.

Sub-sections of Corporation Service provide details of dividends paid by Canadian companies; a special list of valuation-day security prices required by the recently imposed capital gains tax; details of Canadian stock purchase warrants; and a record of all new Canadian security issues.

The FP Corporation Service staff of 29, headed by George Johnson, constantly gathers and processes new information that's sold for as little as $2 per company covered.

As well as preparing statistical tables for The Financial Post, FP Computer Services uses computers to compile financial data for the investment community.

This data takes many forms — such as Canadian and U.S. daily stock exchange information and Canadian financial - statement information, loaded into data banks accessible by terminals in cities across Canada, and print-outs of Canadian corporate financial statistics. Custom financial data is also available on computer tapes for use by customers in their own systems.

Ralph Rabinovitch, manager of FP Computer Services, explains: "Besides speed and accuracy, the real advantage of putting large amounts of financial information in a computer is that the facts can be rearranged in a very large number of meaningful ways."

The Maclean-Hunter Research Bureau, managed by Robert G. Scott, specializes in Canadian market data and media research. It analyzes and sifts published statistics as well as conducting original studies.

In 1973, M-HRB sent out more than 5,000 reports and prepared more than 50 surveys and market analyses.

Bob Scott has kept his sense of humor remarkably intact, considering some of the information requests he gets. One demanded the number of open fireplaces in Northern Ontario, Scott recalls with a grin. Another: How many artificial larynxes have been imported into Canada?

"We do our best," Scott says.

On a recent visit to the offices of the Department of National Revenue, I noticed officials using your booklet of bond prices on valuation day. It is apparently the most reliable publication available.

From a letter to FP Corporation Service, 1974.

By Peter C. Newman

Tomorrow's magazines

Wide horizons for new formats serving special interests

A couple of decades ago when television in Canada was just getting started and the CBC was being harangued for not spending its money fast enough, I remember, a TV comedian mockingly discussed the future of the rival media. Having quickly disposed of radio, he launched into a monologue on magazines which ended with the line:

"Oh sure, magazines will survive. Why, everybody knows you can't swat flies with a TV set."

Twenty years later, magazines are still very much with us and many of them have become so heavy that they make cumbersome fly-swatters. During 1973 about 300 million copies of *Canadian* consumer publications were delivered to Canadians via newsstands, mail or door-to-door distribution.

Magazines have changed, however, and they'll continue to change. "The era of the general magazine is over," says Lloyd M. Hodgkinson, vice-president of Maclean-Hunter's Magazine Division. "That's why we've changed Maclean's into a much more specialized type of publication, addressing itself to the hopes and aspirations of Canadians in well-defined areas. For us to try to put out a magazine embracing all kinds of interests would imply trying to compete too heavily with television and daily newspapers.

"The future is going to be in magazines that specifically tell readers what they're going to get. In Maclean's, for instance, people know they're going to get an appraisal of the directions this country is going in—in politics, education and business as well as social, cultural and lifestyle changes," Hodgkinson says.

"I think what's going to happen is that new magazines will tend to have smaller circulations and be oriented individually to specific fields, but collectively to more readers because there'll be more and more of them. The next five or 10 years are going to be just tremendous for magazines as we find the right formats to launch new publications and capitalize on other very exciting new concepts."

Controlled-circulation magazines — publications distributed free to households in selected high-income urban neighborhoods — have emerged on the Canadian scene. Hodgkinson believes there's a place for controlled-circulation magazines, providing they cater to specific audiences that have clearly defined common interests. "But," he says, "when you get into general consumer-type publications it becomes more difficult to get a clear-cut readership profile.

"For example, I'm interested in the opera, golf, reading, travel, music and working — not necessarily in that order," Hodgkinson explains. "My next-door neighbor is interested in yachting, gardening, photography and working. He doesn't read a damn thing. His whole spectrum of interests is different from mine — with the possible exception of working. He's employed as a technical expert by an electronics company and I work in publishing where I'm dealing with ideas. We try to talk to each other, but we have little in common. Yet someone sends us both the same controlled-circulation consumer magazine. There's no way it can reach both sets of interests."

With paid-circulation magazines, the reader makes the selection and spends the money for it. There's a commitment between publisher and reader, Hodgkinson adds.

"When you have a controlled-circulation consumer publication, if the reader moves out of the neighborhood, you've no way to reach him. No commitment by the publisher to the reader exists," he says.

During 1973 Maclean's, Chatelaine, their two separate French editions and Miss Chatelaine sold about 28 million copies in total. And all five of those Maclean-Hunter paid-circulation consumer magazines also continued to grow in both advertising revenues and influence. But, most important of all, new groundwork was laid for the future. Chatelaine planned its switch to a smaller page size (with the January, 1975, issue) to give both editors and advertisers more flexibility. At the same time, Maclean's began feasibility studies that could eventually transform it into a very different publication. Miss Chatelaine increased its frequency of publication.

The reason *Canadian* magazines are so important in Canada is that they provide one of those essential but fragile east-west links that allow a free exchange of ideas across this unlikely hunk of geography. In a country with 10 provinces, five regions, two languages and no possibility of a truly national newspaper, only magazines have the facilities, the time, the space (and hopefully the talent) to pull together for a national audience the essential interpretations of a world that's changing as Canadians walk in it.

This has been the chief function of Maclean's for the last 70 years. It's a magazine woven into the dreams and memories of this country. Through good times and bad, Maclean's has provided a platform for the nation to speak to itself. It documents the challenges, the excitement, the problems of being — and staying — Canadian.

Under Doris Anderson's editorship, Chatelaine has tackled controversial subjects such as Quebec separatism, abortion, divorce laws, ways in which women are discriminated against and what women can do about it. The magazine has initiated campaigns to encourage women to become more active in politics and in shaping their local communities.

Chatelaine has achieved the greatest penetration per capita of households of any women's magazine in North America. It is the only large-circulation magazine in Canada that regularly prints fiction. Like the other Maclean-Hunter consumer magazines, Chatelaine is almost totally the product of Canadian writers, artists and photographers. Each year it introduces at least two or three dozen new people in illustrating, photography and writing. Many have gone on to become nationally known names.

Le Maclean and the French edition of Chatelaine perform parallel functions for the French-speaking third of Canada's population. They're edited by French-Canadians specifically for the French-Canadian cultural milieu. They aren't mere translations of "anglo" interests and values from the English-language editions. For example, less than 10% of the editorial content of Le Maclean originates in the English edition.

Miss Chatelaine performs its function so effectively that it has become a kind of "bible" among stylish young Canadians. The 10-year-old publication has an enviable following in the fashion field as well as among the consumers it's aiming at — young women and late-teen girls.

"Trimmed to the size of banknotes these title sections resemble highly colorful money."

Borrower. Lender. Consultant. Merchandiser. Building material supplier. One company is all that and more in . . .

The complex world of Metro Toronto News

By Rupert Lewis

A big highway truck backs up to the cargo dock, and fork-lift carriers begin to trundle bundles of periodicals and paperback books into the sprawling suburban Toronto warehouse. The cargo may look like inked paper, but really the fork-lifts are moving, at a rate equivalent to two dozen tons every working day, pallet-loads of ideas and facts and fantasies.

That's fragile and tricky merchandise. It's fresh food for the mind and the senses, some of it highly perishable. You've got to move an almost awesome volume of it to pay your bills, because the price per item is relatively small. You've got to move it to a seeming myriad scattered outlets, and you've got to move it quickly to sell it before it goes stale.

The analogy between magazines and produce may not be perfect, but John Douwes of Metro Toronto News Company Limited likes it. As operations manager of Metro's big Toronto-region distribution centre, Douwes sometimes sees its job as an endless uphill race against perishability.

Metro Toronto News represents virtually every major national distributor in Canada and the U.S. and most of the important distributors in Britain. The Metro Group handles a total of 1,500 different periodical titles, just about every publication slated for newsstand distribution in an area inhabited by four million Ontarians, stretching from Napanee to Sarnia and from Lake Ontario to Huntsville.

Each *week,* transport trucks deliver an average of *1.3 million* copies of periodicals to Douwes' staff in the Toronto-region centre and to two similar distribution centres in Cobourg and London. In an average week the quantities range from 50 copies per title to 300,000 copies per title.

Automated production lines sort the incoming copies into separate bundles for 4,200 retail dealers. From the three Metro Group distribution centres, a combined fleet of 82 delivery vehicles rumbles out each morning to rush the bundles to street-corner newsies, supermarkets, mini-markets, lunch counters, newsstands, smoke shops and mom'n'pop variety stores. The fleet also distributes about nine million copies of paperback books a year.

In short, the Metro Group represents a substantial amount of money — close to $40 million of gross sales a year — continually passing through a complex system. As with any circulating system, the larger and more complex it gets, the greater the chances of leaks.

The Metro system has leaks, as Maclean-Hunter Limited discovered after it purchased the wholesale distribution operation. Nevertheless, the volume of the leakage came as a surprise when the auditors reported at the end of 1973. Metro's deficits reduced Maclean-Hunter's 1973 consolidated net income by about 11%.

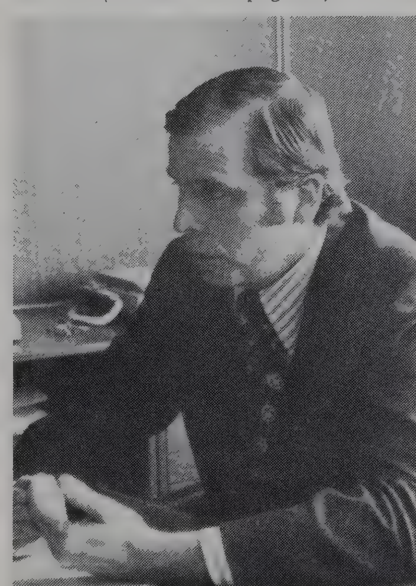
"We're getting at the leakage through better meters and valves," says Lorne R. Clark, Maclean-Hunter's financial vice-president, who's responsible for the overall Metro Group operation. "A complicated system needs precision controls, and that's what we've been installing. It will take time, but, when we're finished, we'll have an efficient and controlled flow through the system."

When Metro achieves a thoroughly controlled annual flow of, say, $20 million in net sales, the arithmetic could be impressive. If you clear a 5% return on that kind of volume, you have a profit of $1 million before taxes. If you clear 10%, that's $1 million after taxes.

That sort of arithmetic explains why Maclean-Hunter says wholesale distribution is an essentially good business to be in, and why other diversified companies have moved into the field elsewhere.

No one at Metro is making specific forecasts yet, least of all the man

(continued on page 20)



James Neill

who's inserting the meters and valves, James B. Neill, Metro's executive vice-president and operating head. "We're working to gain control of our own destiny," he says, and his sweeping phrase doesn't seem out of place. Jim Neill, general manager Gord James and the rest of the management team are not only tightening up Metro's financial plumbing but also re-examining the whole structure of wholesale print-matter distribution.

The system, stripped of its intricacies, comprises four basic steps familiar to anyone in wholesaling. 1. Metro buys periodicals and paperbacks from publishers, through national distributors, on credit. 2. Metro sells the material to retailers, also on credit. 3. Consumers buy periodicals and paperbacks singly from retailers, for cash. 4. Metro collects from the retailers and pays the national distributors, who pay the publishers.

At the end of the chain of transactions, *in theory*, everyone counts value received. The consumer has his chosen periodical for, say, $1. The retailer has 20c of that dollar, and Metro has 20c. The national distributor has 10c. The publisher has 50c, less certain allowances.

In real life, however, only the consumer gets his full share. The others in the distribution chain share the revenue from only about half or a little more of all the printed matter that passes through the system. And part of the revenue they do get goes into the costs of printing, transporting and accounting for millions of unsold copies, plus the cost of the money tied up in them.

The complexities begin right at step one of the system. Magazine titles have been proliferating like rabbits, and Metro has been under pressure to distribute more and more new titles in sometimes unrealistically large quantities.

To achieve maximum exposure and sales, some excess copies must be distributed. That's a fact of distributing life. Experience has shown that, when retail displays are pared too thin, sales slip. On the other hand, too many copies also are counter-productive.

Most retail outlets let the wholesaler decide how many of what periodicals should go on their retail racks. If the wholesaler overloads those racks, he worsens a problem. Crowded, untidy retail racks don't increase sales, but they do increase the volume of returns.

"The unique part of our business is the full return privileges extended to all our customers. All unsold merchandise has to be picked up and returned," John Douwes points out. Metro also gets similar full return privileges from national distributors.

This unusual returns situation stems from the perishable nature of periodicals. With products such as ball-point pens, a retailer can mark down his end-of-line unsold stock to clear it. Not so with periodicals.

So the wholesaler assumes the burden, physically picking up millions of unsold copies and fully crediting customer accounts. Across the board, Metro picks up from retailers between 40% and 50% of all the copies it ships out in the first place. The return rate for some titles may run higher than 90% simply because far too many copies have been distributed.

After pickup, Metro strips the covers off returned copies for accounting purposes. The rest becomes confetti. Each month, the Toronto-region distribution centre alone feeds about 200 tons of unsold periodicals and paperbacks into two large shredding machines. The paper itself, of course, doesn't go to waste. Metro bales the shredded paper and sells it for recycling. Much of it reappears re-incarnated as products for the building industry.

Under tight security in fenced-off, authorized-personnel-only areas, the title sections of the stripped covers are painstakingly counted, sorted, bundled and packed in small cardboard boxes. Trimmed to the size of banknotes, these title sections resemble highly colorful money. And, in a way, they are money. A single pallet-load of these small cardboard boxes, on its way to a national distributor for return credit, could represent hundreds of thousands of dollars to Metro.

Metro, which carries a heavy share of the risks and costs of the whole return system, has its own obvious good reasons to want fewer returns.

Metro is now using computer-plotted forecast curves that will bring returns down to optimum levels. One of the most important control valves in the Metro system, these sophisticated curves will dispense with guesswork and rules of thumb. They'll enable Metro to *predict season by season every retailer's requirements for every title distributed.* Eventually, as Metro feeds more sales reports and other historical data into the program, the curves will be fine-tuned until the total number of copies distributed closely approaches the realistic potential retail sales.

While forecasting is the heart of its system, Metro also has computerized its key accounting functions such as accounts receivable. The computer now regulates both billing and shipping, printing out a combined invoice and shipping-instruction document. This tightens the wholesaler's control over what goes out and to whom, and quickly checks out complaints and discrepancies in retailer returns.

Metro also has launched an aggressive marketing campaign — based on the simple but sound assumption that, once the system is smooth and leak-proof, bigger profits will come most readily out of bigger sales. "The only thing we have to sell is service," says Larry Walsh, Toronto-region marketing manager. "Our goal is to have both sides — the national distributors and the retailers — saying, 'as a service organization, Metro is second to none.' "

Traditionally, the wholesaler's route drivers have been more than chauffeurs, bundle hefters and cash collection agents. They've been business consultants to their retailer customers as well. They've set up retailers' racks, organized their displays and generally advised them on how to maximize sales. This has become more and more difficult to do, because of the increased number of retail outlets and traffic problems.

Metro has come up with an answer. To maintain this traditional service, the wholesaler has fielded marketing promotion representatives to supplement the route drivers.

Metro has launched a major sales effort to get more periodicals and paperback books into chain stores. "One small rack in a large supermarket may not look like much, but, when you multiply it by that chain's stores right across our distribution area, it adds up to a lot of potential sales," Jim Neill says.

"We think that periodicals and paperback books can be sold just about anywhere," marketing manager Walsh adds. Why not sell fashion magazines in shoe and clothing stores? Or car-buff publications in automotive accessory stores? Indeed, why not? Some retail do-it-yourselfer supply centres already are selling home-decorating publications and other specialized how-to periodicals. Metro also is designing specialized promotions for paperbacks, seasonal packages such as easy-reading "vacation" books for the summer and back-to-school selections for the fall.

Metro also operates an educational division, which sells paperback books directly to teachers and librarians, who either order from catalogues or drop in to do some shopping-basket selection on the spot.

As Larry Walsh put it: "The only thing we have to sell is service." He might well have added: ". . . and ideas."

Maclean-Hunter Limited

Consolidated statement of income

For the year ended December 31, 1973 (with comparative figures for the 1972 year)

	1973	1972
Revenue:		
Periodicals and books — Publishing	$ 54,767,000	$ 44,415,000
— Distribution	20,611,000	3,123,000
Broadcasting	11,305,000	10,114,000
Cable TV	11,927,000	9,833,000
Printing and other activities	13,719,000	12,272,000
Total revenue	112,329,000	79,757,000
Add income from investments	32,000	118,000
	112,361,000	79,875,000
Operating expenses, except depreciation	95,138,000	64,958,000
Profit from operations before the following	17,223,000	14,917,000
Deduct depreciation	3,615,000	2,965,000
Profit before interest expense	13,608,000	11,952,000
Interest expense — current debt	279,000	143,000
— long-term debt	1,625,000	871,000
Total interest expense	1,904,000	1,014,000
Income before income taxes	11,704,000	10,938,000
Income taxes	5,968,000	5,184,000
	5,736,000	5,754,000
Add share of net profits of 50% owned affiliated companies	69,000	15,000
	5,805,000	5,769,000
Deduct minority interest	786,000	1,053,000
Consolidated net income for the year	$ 5,019,000	$ 4,716,000
Earnings per share of capital stock (Class A and B)	62.7c	58.9c

(See accompanying notes)

Maclean-Hunter Limited

Consolidated statements of retained earnings and contributed surplus

For the year ended December 31, 1973 (with comparative figures for the 1972 year)

	1973	1972
Retained earnings		
Retained earnings, beginning of year	$ 19,305,000	$ 16,544,000
Consolidated net income	5,019,000	4,716,000
	24,324,000	21,260,000
Deduct:		
Dividends (note 8)	2,087,000	1,764,000
Tax paid on undistributed income	265,000	191,000
	2,352,000	1,955,000
Retained earnings, end of year	$ 21,972,000	$ 19,305,000
Contributed surplus		
Contributed surplus, beginning of year	$ 1,502,000	$ 400,000
Share of gain on redemption of subsidiary company's preference shares		2,000
Excess of net proceeds on sale of minority interest in CFCN Communications Limited over book value		1,100,000
Contributed surplus, end of year	$ 1,502,000	$ 1,502,000

(See accompanying notes)

Consolidated statement of changes in financial position

(Source and application of funds)

For the year ended December 31, 1973 (with comparative figures for the 1972 year)

	1973	1972
Sources of working capital:		
Operations —		
Consolidated net income	$ 5,019,000	$ 4,716,000
Increase in unearned net publishing revenue	806,000	105,000
Amounts deducted (added) in arriving at consolidated net income which did not involve an outlay of funds:		
Depreciation	3,615,000	2,965,000
Deferred income tax	165,000	721,000
Minority interest	786,000	1,053,000
Share of profits of affiliated companies	(69,000)	(15,000)
Total funds from operations	10,322,000	9,545,000
Dividends from affiliated companies	53,000	47,000
Increase in long-term debt	9,987,000	
Proceeds from public offering of shares of CFCN Communications Limited		6,439,000
Decrease in goodwill		46,000
Total sources	20,362,000	16,077,000
Applications of working capital:		
Business acquisitions —		
Total consideration	6,510,000	5,148,000
Add (deduct) net long-term debt reduction (issued) on acquisitions	70,000	(2,402,000)
Add working capital deficit (deduct surplus) acquired	(271,000)	2,981,000
Net outlay of working capital on business acquisitions	6,309,000	5,727,000
Additions to properties (net)	5,571,000	4,102,000
Repayment of long-term debt	1,316,000	1,594,000
Redemption of preference shares of subsidiary company	262,000	457,000
Increase in investments	2,720,000	991,000
Additions to goodwill	183,000	
Deferred charges	330,000	
Dividends	2,087,000	1,764,000
Tax paid on undistributed income	265,000	191,000
Subsidiary company dividends paid to minority interest	516,000	381,000
Total applications	19,559,000	15,207,000
Increase in working capital	803,000	870,000
Working capital at beginning of year	4,941,000	4,071,000
Working capital at end of year	$ 5,744,000	$ 4,941,000

(See accompanying notes)

Maclean-Hunter Limited
(Incorporated under the laws of Ontario)

Consolidated statement of financia

December 31, 1973 (with comparative figures at December 31, 1972)

Assets

	1973	1972
Current:		
Cash	$ 684,000	$ 471,000
Short-term investments at cost (approximates market)	365,000	3,043,000
Accounts receivable	15,147,000	11,932,000
Inventories	8,067,000	5,415,000
Prepaid expenses	1,613,000	1,291,000
Total current assets	25,876,000	22,152,000
Investments and advances (notes 3 and 11):		
50% owned affiliated companies	2,326,000	1,078,000
Other companies (less than 50% owned), at cost	1,965,000	477,000
Total investments	4,291,000	1,555,000
Properties (note 5)	29,253,000	24,023,000
Goodwill (note 2)	28,543,000	24,936,000
Deferred charges	330,000	
	$ 88,293,000	$ 72,666,000

position

Liabilities

	1973	1972
Current:		
Bank loans (secured by accounts receivable)	$ 4,885,000	$ 3,336,000
Notes payable		1,127,000
Accounts payable and accrued charges	9,842,000	7,071,000
Income and other taxes payable	2,172,000	2,895,000
Dividends payable	539,000	464,000
Long-term debt due within one year	1,059,000	1,030,000
Unearned cable TV revenue	1,635,000	1,288,000
Total current liabilities	20,132,000	17,211,000
Unearned net publishing revenue	5,109,000	4,303,000
Long-term debt (note 6)	21,095,000	12,494,000
Deferred income taxes	6,003,000	5,838,000
Minority interest in subsidiary companies (note 7)	11,980,000	11,513,000
Shareholders' equity (note 8):		
Capital	500,000	500,000
Contributed surplus	1,502,000	1,502,000
Retained earnings	21,972,000	19,305,000
	23,974,000	21,307,000
	$ 88,293,000	$ 72,666,000

(See accompanying notes)

On behalf of the Board:

Donald F. Hunter Director

Director

Notes to consolidated financial statements

December 31, 1973

1. Accounting policies

Consolidation and investments

The accounts of all subsidiaries (ownership greater than 50%) are consolidated with those of the Company from the date of acquisition using the purchase method.

Investments in 50% owned affiliated companies are carried on the equity basis and the Company includes its share of their profits and losses in consolidated income annually. Dividends are recorded as a reduction in the investment.

Investments in less than 50% owned companies, none of which are effectively controlled, are carried at cost.

See table (on page 29) for the details of the companies in each of these three categories.

All significant subsidiaries have year ends which coincide with the Company's except for Metro Toronto News Company Limited. The Company has adopted the policy of consolidating this company's operations and the operations of the other companies in the Metro Group based on their fiscal years which end on September 1 with appropriate adjustments made for intercompany transactions to December 31. Advances made during this four-month period are shown as a reduction of accounts payable and accrued charges in the Consolidated Statement of Financial Position. During the 1973 fiscal year, the Metro Group of companies incurred substantial losses and based on interim financial results losses have continued to December 31, 1973.

Translation of foreign currencies

The accounts of the Company's subsidiaries in Britain and the United States are translated into Canadian dollars on the following basis:

(a) Current assets and current liabilities at a rate approximating the closing rate of exchange on December 31, 1973;
(b) Other balance sheet accounts at the rates of exchange prevailing when the transactions were recorded, and
(c) Revenues and expenses at an average rate for the year.

Inventories

Finished goods inventories are valued at the lower of cost and net realizable value. Printing materials are valued at the lower of cost and replacement cost.

Goodwill

The excess of the cost of acquiring businesses over the value assigned to net tangible assets acquired is included in goodwill. As the goodwill is considered to have ongoing value it is carried in the accounts at cost until such time as its value is impaired.

Depreciation and amortization

Depreciation is being recorded at the following rates which are expected to amortize asset cost over estimated useful life —

- Buildings — 5% on diminishing balance
- Printing plant and cable TV plant — 10% straight line
- Communications equipment — 15% or 20% straight line
- Other plant and equipment — 10% or 20% on diminishing balance
- Vehicles — 30% on diminishing balance

Deferred charges

During the year the Company and certain subsidiaries embarked on projects to develop major new computer systems. The policy has been adopted to defer the development costs of the projects until their completion when such costs will be amortized over periods not exceeding four years.

Recognition of publishing revenue

Revenue from publication subscriptions less the related direct commission cost of acquiring consumer magazine subscriptions is deferred and taken into income over the terms of the various subscriptions. All other subscription acquisition costs are charged to income as incurred.

No portion of the unearned net publishing revenue, representing the amount to be earned within the following year, is included with current liabilities (as would ordinarily be done following recommendations of the Canadian Institute of Chartered Accountants) as it is deemed to be offset by the other subscription acquisition costs charged to income when incurred.

2. Business acquisitions

During the year the Company and certain subsidiaries made the following acquisitions:

By the Company —

As of January 1, 1973, 100% of The Macmillan Company of Canada, Limited which publishes and distributes books.

By certain subsidiaries —

On August 1, 1973, Data Business Forms Limited purchased the assets and assumed the liabilities of a business operating under the name of Redi-Set Business Forms.

Several acquisitions and a divestiture of small operations in the communications business.

In accordance with the accounting policy previously noted these acquisitions have been accounted for as purchases and their operations have been consolidated from the dates the acquisitions were made. The excess of the cost to acquire these businesses over the fair value assigned to the net tangible assets acquired is included in goodwill.

The details of the Macmillan and Redi-Set acquisitions are as follows:

	Macmillan	Redi-Set	Total
Net assets acquired:			
Book value of assets other than goodwill	$2,823,000	$2,787,000	$5,610,000
Book value of liabilities	1,251,000	692,000	1,943,000
	1,572,000	2,095,000	3,667,000
Adjustment of assets to fair value	542,000		542,000
	2,114,000	2,095,000	4,209,000
Goodwill arising on acquisition	1,096,000		1,096,000
Net assets acquired for cash	$3,210,000	$2,095,000	$5,305,000

The effect on net assets and goodwill resulting from changes in the communications business was minor.

In addition to the above acquisitions, the Company acquired the remaining 40% interest in the Metro Group of companies, of which Metro Toronto News Company Limited is the major company.

In 1972, the Company purchased 60% of the shares of the Metro Group for a total consideration of $3,377,000 consisting of $975,000 cash and a note in the amount of $2,402,000. The purchase agreement provided for adjustment of the price depending upon verification of the financial position of these companies and also included an option for the Company to acquire the remaining 40% of the outstanding shares. Goodwill arising on the 60% acquisition amounted to $5,441,000.

In 1973, the Company renegotiated the terms of the 1972 contract. As a result, the price paid for the 60% interest acquired in 1972 was reduced and the remaining 40% interest was acquired under more favorable terms. The additional cash consideration paid was $1,356,000 and the note was reduced by $151,000.

In summary, the total consideration paid for 100% of the Metro Group amounted to $4,582,000 consisting of $2,331,000 in cash and a 7%, $2,251,000 note payable in quarterly instalments to 1982. From the date of acquisition to December 31, 1973 the Company has advanced $5,586,000 to the Metro Group to repay bank debt ($1,550,000) and loans from former owners ($957,000) which were outstanding at acquisition and to finance its operations. Total goodwill arising on this acquisition amounted to $7,769,000.

3. Investments and advances

50% owned affiliated companies

An investment in Phasecom Corporation, a U.S. based manufacturer of specialized cable television equipment is included in this classification. At December 31, 1973 the Company's net investment amounted to approximately $370,000.

During 1973 Phasecom experienced a marked decrease in sales volume due to a severe reduction in capital expenditures in the U.S. cable television industry. The Company believes that the decline in the U.S. market is of a temporary nature and, as a result, the investment in Phasecom which is held through subsidiary companies is carried at cost less share of losses incurred since acquisition. The ultimate recovery of this investment depends upon the re-establishment of satisfactory marketing conditions in the U.S. cable television industry.

Other companies (less than 50% owned)

The Company has an investment in shares and advances to an affiliated company of $163,000 and has also guaranteed bank loans to this affiliate amounting to $185,000 at December 31, 1973. The affiliate has suffered losses and at December 31, 1973 had a net asset deficiency. The potential loss not already provided in the accounts should the affiliate's financial position not improve would not exceed $270,000.

Also included in this classification is an investment in another affiliated company which is carried at cost and does not include the Company's share of the increase in the underlying net assets since acquisition of approximately $165,000.

4. Income tax reductions

The unused loss carry-forwards in certain subsidiaries not yet deducted in computing the Company's consolidated tax liability is approximately $1,750,000 as at December 31, 1973 and, if realized, will result in future income tax reductions of approximately $850,000 at current tax rates. If unrealized, the loss carry-forwards will expire as follows:

1974	$ 210,000
1975	280,000
1976	10,000
1977	1,250,000
	$1,750,000

5. Properties

	1973	1972
Assets at cost:		
Land	$ 2,092,000	$ 843,000
Buildings & equipment	36,852,000	31,746,000
Cable TV plant	19,475,000	16,840,000
	56,327,000	48,586,000
Less accumulated depreciation	29,166,000	25,406,000
	27,161,000	23,180,000
Total properties	$29,253,000	$24,023,000

Cable TV plant includes $5,354,000 ($4,896,000 in 1972) of assets paid for by the Company, but held under leases from public utility companies with minimum original terms of 10 years.

6. Long-term debt

	1973	1972
Bank loans (secured by accounts receivable) at interest rates varying with prime bank rate (arrangements have been made with the companies' bankers to extend the loans beyond 1974)	$13,978,000	$ 4,450,000
9% Sinking Fund Debentures series "A" of Maclean-Hunter Cable TV Limited with annual sinking fund requirement of $750,000 to 1979 and $1,150,000 in 1980	5,650,000	6,220,000
7% note payable in quarterly instalments of $59,211 plus interest to 1982	2,132,000	2,481,000
Mortgages and debentures payable by subsidiary companies at interest rates varying from 7% to 8¾% payable over periods to 1983	394,000	373,000
	22,154,000	13,524,000
Less portion due within one year (excluding bank loans)	1,059,000	1,030,000
Total long-term debt	$21,095,000	$12,494,000

The aggregate amount of payments estimated to be required to meet debt obligations (excluding the repayment of bank loans) in each of the next five years is as follows:

1974	$1,059,000
1975	1,072,000
1976	1,032,000
1977	1,040,000
1978	1,025,000

(continued on page 28)

7. Minority interest in subsidiary companies

	1973	1972
Preference shares	$ 2,760,000	$ 3,020,000
Common shares, contributed surplus and retained earnings	9,220,000	8,493,000
	$11,980,000	$11,513,000

8. Capital, retained earnings, and dividends

Capital —

Authorized:

10,000,000 Class A and Class B interconvertible participating shares without par value

1,000 Common shares without par value.

Issued:

8,000,000 Class A and Class B (consisting at December 31, 1973, of 2,475,694 Class A and 5,524,306 Class B) — $500,000.

The Company's articles of incorporation confer upon it the right to refuse to register a transfer of any shares in the capital of the Company to a non-resident that may in the opinion of the directors adversely affect the status of the Company under the licensing provisions of the Broadcasting Act of Canada, or the status as a Canadian publication of any newspaper or periodical published by the Company.

Retained earnings —

Canadian income tax law defines the concepts of "1971 undistributed income on hand" and "1971 capital surplus on hand." A corporation may elect that all or part of its dividend payment be deemed to come from these balances. Dividends which are tax free to shareholders (but which reduce adjusted cost base of their shares for capital gains tax purposes) may be declared by the Company on Class B shares. Such dividends are deemed to come first from 1971 undistributed income after payment by the Company of a 15% tax thereon then, when that source is exhausted, from capital surplus upon which no tax is payable by the Company.

At December 31, 1973, the Company had on hand approximately the following amounts of tax surplus:

1971 undistributed income	$ 3,737,000
1971 capital surplus	21,500,000
Total tax surplus	$25,237,000

The capital surplus arose substantially through intercompany transactions eliminated for accounting purposes on consolidation. As a result, the tax surplus accounts of the Company are greater than the related consolidated figure shown for retained earnings.

Dividends —

Dividends paid on Class B shares are equivalent to those paid on Class A shares after consideration of the special 15% tax currently being paid to create tax-paid undistributed surplus on hand from which Class B dividends are paid. During the year the following dividends were declared:

	1973	1972
Class A shares — 29.00c per share (24.75c in 1972)	$ 712,000	$ 592,000
Class B shares — 24.80c per share (20.90c in 1972) after 15% tax	1,375,000	1,172,000
	$2,087,000	$1,764,000

9. Contingent liabilities and commitments

(a) The Company and its subsidiaries are committed to make lease payments aggregating $1,422,000 annually for periods of up to 19 years.

(b) The Company is committed to purchase capital equipment in 1974 at a total cost of approximately $1,600,000 for which financing arrangements have been made.

10. Reclassification of accounts

Certain reclassifications have been made in the accounts in 1973 and the 1972 figures submitted for comparison have been changed to conform with the 1973 classifications.

11. Events subsequent to the year end

At December 31, 1973 the Company has invested $1,443,000 in common shares of Global Communications Limited. This company, which operates a television network covering Southern Ontario, commenced broadcasting operations on January 6, 1974. Global has experienced financial difficulties and is undertaking negotiations regarding its refinancing. The effect that any refinancing might have on the carrying value of the Company's investment is unknown.

12. Statutory information

The aggregate direct remuneration of directors and senior officers (as defined in The Business Corporations Act, Ontario) amounted to $731,000 in 1973; $661,000 in 1972.

Auditors' Report

To the Shareholders of Maclean-Hunter Limited:

We have examined the consolidated statement of financial position of Maclean-Hunter Limited and its subsidiaries as at December 31, 1973, and the consolidated statements of income, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the changes in their financial positions for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada.
February 26, 1974 except for note 11 which is dated April 1, 1974.

Clarkson, Gordon & Co.
Chartered Accountants

Maclean-Hunter Limited

Table to consolidated financial statements

December 31, 1973

Subsidiaries consolidated

- 100% M-H Communications Limited
  - owns: 61.7% Maclean-Hunter Cable TV Limited
    - owns: 66⅔% Huron Cable TV Limited
    - 75% Peterborough Cable Television Limited
    - 100% Maclean-Hunter Communications Ltd.
      - owns: 100% Kingston Secretary Service Limited
      - 100% Inter-County Communications Limited
      - 100% Telephone Answering Service (Kingston) Limited
      - 100% Quest Communications Limited
        - owns: 100% Telephone Answering Service Incorporated
  - 100% Shoreacres Broadcasting Company Limited
    - owns: 51% Com-Logics Limited
  - 100% Maclean-Hunter Limited (Britain)
  - 100% Maclean-Hunter Publishing Corporation (U.S.)
    - owns: 100% National Market Reports, Inc.
- 60% CFCN Communications Limited
  - owns: 100% Greatlakes Broadcasting System Limited
  - 100% The Voice of the Prairies Limited
  - 100% CFCN Television Limited
    - owns: 100% CFCN Productions Limited
- 100% Metro Toronto News Company Limited
  - owns: 50% Selective Paperbacks Limited
  - 50% Metro Toronto News Company (a limited partnership)
    - owns: 100% Colonial Distributors Limited
- 100% The Macmillan Company of Canada Limited
- 100% Data Business Forms Limited
- 100% Design Craft Limited
- 100% Co-operative Book Centre of Canada Limited
- 100% Professors Den Bookstores of Canada Limited
- 100% Somerset Specialties Limited
  - owns: 100% Western Ontario Distributors Limited
- 100% National Automotive Publishers, Ltd.
- 100% Combined Communications Limited
- 100% I.D.C. Publishing Co. Ltd.

Affiliated companies (50% owned)

Owned by Maclean-Hunter Limited:
- Media-Daten, Verlagsgesellschaft m.b.H.
- Media-Daten Oesterreichisches G.m.b.H.
- Tarifmedia S.A.
- Dati e Tariffe Pubblicitarie S.p.A.
- Trans Canada Expositions Limited
- Orillia Broadcasting Limited
- KEG Productions Limited
- Westbourne - Maclean-Hunter (Proprietary) Limited
- Quality Service Programs Incorporated
- Sinnott News Company Limited
  - owns: 100% Sinnott News Realty Company Limited

Owned by subsidiaries:
- Phasecom Incorporated
- International Exposition Services Inc.

Other companies (less than 50% owned)

Owned by Maclean-Hunter Limited:
- 49% New Press
- 40% Stephens & Towndrow Limited
- 13% Global Communications Limited

Owned by subsidiary:
- 49% Paul Mulvihill Limited

Maclean-Hunter Limited

Ten-year summary

($000s omitted)

	1973	1972	1971
Income			
Revenue			
Periodicals and books — Publishing	$ 54,767	$44,415	$39,869
— Distribution	$ 20,611	$ 3,123	$ 2,807
Broadcasting	$ 11,305	$10,114	$ 8,631
Cable TV	$ 11,927	$ 9,833	$ 7,732
Other activities	$ 13,719	$12,272	$ 9,781
Total revenue	$112,329	$79,757	$68,820
Income from operations	$ 15,319	$13,903	$10,496
Less: Depreciation	$ 3,615	$ 2,965	$ 2,456
Income before taxes	$ 11,704	$10,938	$ 8,040
Income taxes	$ 5,968	$ 5,184	$ 4,053
Income before the following items	$ 5,736	$ 5,754	$ 3,987
Add: Share of net profits (losses) of 50% owned affiliates	$ 69	$ 15	$ 32
Less: Minority interest	$ 786	$ 1,053	$ 545
Income before extraordinary items	$ 5,019	$ 4,716	$ 3,474
Extraordinary items	....	....	$ 41
Consolidated net income	$ 5,019	$ 4,716	$ 3,515
Net flow of funds from operations	$ 10,322	$ 9,545	$ 7,589
Dividends paid	$ 2,087	$ 1,764	$ 1,377
Year-end financial position			
Current assets	$ 25,876	$22,152	$14,455
Less: Current liabilities	$ 20,132	$17,211	$10,384
Working capital	$ 5,744	$ 4,941	$ 4,071
Properties	$ 29,253	$24,023	$21,871
Total assets	$ 88,293	$72,666	$54,353
Unearned net publishing revenue	$ 5,109	$ 4,303	$ 4,164
Long term debt	$ 21,095	$12,494	$11,500
Deferred income taxes	$ 6,003	$ 5,838	$ 5,117
Minority interest in subsidiary companies	$ 11,980	$11,513	$ 5,744
Shareholders' equity	$ 23,974	$21,307	$17,444
Per share data*			
Consolidated net income	62.7c	58.9c	43.9c
Net flow of funds from operations	129.0c	119.3c	94.8c
Dividends paid			
On Class A stock	29.0c	24.8c	18.8c
On Class B stock	24.8c	20.9c	16.0c
Ratios			
Consolidated net income as a percentage of revenue	4.5	5.9	5.1
Ratio of current assets to current liabilities	1.3	1.3	1.4

*Assuming present capitalization of 8,000,000 shares for all years with present Class A shares being equivalent to old common shares. Shares were first offered to the public in March, 1965.

1970	1969	1968	1967	1966	1965	1964
$39,211	$39,007	$34,835	$35,123	$33,856	$29,450	$25,715
$ 328	....	....	....	....	....	....
$ 7,687	$ 6,907	$ 4,747	$ 4,138	$ 2,807	....	....
$ 4,930	$ 3,151	$ 1,227	$ 741	....	....	....
$ 8,829	$ 9,435	$ 6,860	$10,377	$ 5,970	$ 5,093	$ 3,454
$60,985	$58,500	$47,669	$50,379	$42,633	$34,543	$29,169
$ 8,371	$ 9,132	$ 5,447	$ 7,332	$ 5,536	$ 4,869	$ 3,931
$ 1,955	$ 1,561	$ 1,031	$ 907	$ 755	$ 617	$ 638
$ 6,416	$ 7,571	$ 4,416	$ 6,425	$ 4,781	$ 4,252	$ 3,293
$ 3,380	$ 4,009	$ 2,295	$ 3,216	$ 2,378	$ 2,232	$ 1,733
$ 3,036	$ 3,562	$ 2,121	$ 3,209	$ 2,403	$ 2,020	$ 1,560
$ 16	$ (19)	$ (67)	$ 17	$ 2	$ 1	$ (70)
$ 395	$ 32	....	....	....	....	....
$ 2,657	$ 3,511	$ 2,054	$ 3,226	$ 2,405	$ 2,021	$ 1,490
$ 438	$ 254	$ 111	....	....	....	....
$ 3,095	$ 3,765	$ 2,165	$ 3,226	$ 2,405	$ 2,021	$ 1,490
$ 6,220	$ 6,119	$ 4,172	$ 4,594	$ 3,900	$ 3,118	$ 1,965
$ 1,332	$ 1,110	$ 1,110	$ 1,203	$ 936	$ 855	$ 890
$13,015	$12,248	$ 9,440	$ 7,916	$ 9,178	$ 7,969	$ 5,947
$11,042	$21,639	$ 7,411	$ 6,728	$ 6,055	$ 4,580	$ 2,823
$ 1,973	$ (9,391)	$ 2,029	$ 1,188	$ 3,123	$ 3,389	$ 3,124
$20,360	$16,349	$11,665	$ 9,002	$ 8,532	$ 6,553	$ 6,781
$49,564	$42,803	$30,959	$25,857	$24,943	$16,139	$13,303
$ 4,187	$ 4,136	$ 3,926	$ 3,426	$ 3,375	$ 3,162	$ 3,021
$ 9,340	....	$ 6,007	$ 3,210	$ 5,376	$ 421	$ 442
$ 3,870	$ 3,180	$ 2,649	$ 2,266	$ 1,866	$ 1,338	$ 997
$ 5,727	$ 510	$ 194	$ 417	$ 166	....	....
$15,398	$13,338	$10,772	$ 9,810	$ 8,105	$ 6,638	$ 6,020
38.7c	47.1c	27.1c	40.3c	30.0c	25.3c	18.6c
77.8c	76.5c	52.2c	57.4c	48.8c	39.0c	24.6c
18.0c	15.0c	15.0c	16.3c	12.5c	11.3c	...
15.3c	12.8c	12.8c	13.8c	10.9c	10.2c	...
5.1	6.4	4.5	6.4	5.6	5.9	5.1
1.2	.6	1.3	1.2	1.5	1.7	2.1

Maclean-Hunter Limited

Shareholder's record sheet

(Data in cents per share)

	Quarters	1973	1974
Consolidated net income (revised)*	I	11.5c	
	II	20.9	
	Six months	32.4	
	III	13.2	
	Nine months	45.6	
	IV	17.1	
	Year	62.7c	
Dividends paid			
Class A	I	6.5c	
	II	7.5	
	Six months	14.0	
	III	7.5	
	Nine months	21.5	
	IV	7.5	
	Year	29.0c	
Class B	I	5.6c	
	II	6.4	
	Six months	12.0	
	III	6.4	
	Nine months	18.4	
	IV	6.4	
	Year	24.8c	

*Consolidated net income as reported in the 1973 quarterly reports has been revised to reflect the final audited results of the Metro Group of companies. The losses have been apportioned equally throughout the year, as management feels they were incurred.

Directors and officers

Maclean-Hunter Limited, Toronto

*Donald F. Hunter, Chairman of the Board/*Donald G. Campbell, President and Chief Executive Officer/*Lorne R. Clark, Vice-President, Finance/*George W. Gilmour, Vice-President/*Lloyd M. Hodgkinson, Vice-President, Magazines/ *Edward Nymark, Vice-President, Printing/*Doris Anderson, Editor, Chatelaine/*Floyd S. Chalmers/*J. Lin Craig/ *Paul S. Deacon, Editor and Publisher, The Financial Post/*John M. Holton/*Frederick T. Metcalf, President, Maclean-Hunter Cable TV Limited/*Peter C. Newman, Editor, Maclean's/*Robert W. Robertson, Vice-President, Business Publications/Matthew B. Fyfe, Secretary-Treasurer/Terry L. Malden, Controller

CFCN Communications Limited, Calgary

*Donald G. Campbell, Chairman of the Board/*Edward W. Chapman, President/Gerald J. Luciani, Secretary-Treasurer/ *Sven Ericksen/*Donald F. Hunter/*Robert W. Lamb/*J. Edward O'Connor

CFCN Television Limited and The Voice of the Prairies Limited, Calgary

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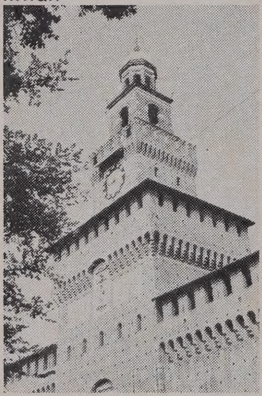

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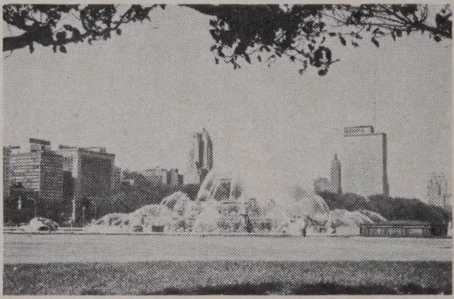

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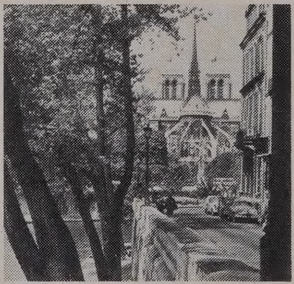

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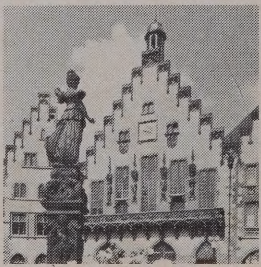

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